
THE CREST AT GREYSTONE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

DATED OCTOBER 2, 1992

This instrument prepared by and upon
recording should be returned to:

Stephen R. Monk, Esq.
c/o Daniel Corporation
1200 Corporate Drive
Meadow Brook Corporate Park
Birmingham, Alabama 35242

Inst # 1992-22103

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TABLE OF CONTENTS

THE CREST AT GREYSTONE

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

<u>Item</u>	<u>No.</u>
ARTICLE I - DEFINITIONS	
1.01 Additional Property.	2
1.02 Annual Hugh Daniel Drive Assessments	2
1.03 ARC.	2
1.04 Articles of Incorporation.	2
1.05 Assessment	2
1.06 Association.	2
1.07 Board.	2
1.08 Buffer Area.	2
1.09 Bylaws	2
1.10 Common Areas	3
1.11 Common Expenses.	3
1.12 Declaration.	3
1.13 Developer.	4
1.14 Development.	4
1.15 Dwelling	4
1.16 Golf Club Property	4
1.17 Governmental Authority	4
1.18 Hugh Daniel Drive.	4
1.19 Improvement.	5
1.20 Lakes.	5
1.21 Living Space	5
1.22 Lot.	5
1.23 Mortgage	5
1.24 Mortgagee.	6
1.25 Occupant	6
1.26 Owner.	6
1.27 Property	6
ARTICLE II - PROPERTY SUBJECT TO THE DECLARATION	
2.01 General Declaration.	6
2.02 Additional Property.	7
2.03 Right of Developer to Modify Restrictions with Respect to Lots Owned by Developer.	8
2.04 Mutuality of Benefit and Obligation.	8
2.05 Development of Property.	8
2.06 Subdivision Plat	8

<u>Item</u>	<u>No.</u>
ARTICLE III - EASEMENTS	
3.01 Grant of Non-Exclusive Easements to Owners . . .	9
3.02 Grant of Easement to Governmental Authorities. . .	9
3.03 Reservation of Controlled Access Easement. . . .	10
3.04 Reservation of General Access Easement	11
3.05 Reservation of Easements With Respect to Common Areas	12
3.06 Reservation of Easement for Utilities.	12
3.07 Reservation of Easement for Signs, Walks, Trails, Walls and Fences	13
3.08 Reservation of Maintenance Easement.	14
3.09 Reservation of Environmental Easement.	14
3.10 Establishment of Buffer Area	14
ARTICLE IV - ASSOCIATION	
4.01 Membership	15
4.02 Board.	16
4.03 Voting Rights.	16
4.04 Duties and Powers of Association	17
4.05 Agreements	18
4.06 Management by Developer or its Affiliates. . . .	18
4.07 Rules and Regulations.	19
4.08 Indemnification.	19
ARTICLE V - ARCHITECTURAL REVIEW COMMITTEE, DEVELOPMENT AND ARCHITECTURAL STANDARDS	
5.01 Committee Composition.	20
5.02 Appointment and Removal of ARC Members	20
5.03 Procedure and Meetings	21
5.04 Architectural Standards.	21
5.05 Approval of Plans and Specifications	22
5.06 Landscaping Approval	24
5.07 Construction Without Approval.	25
5.08 Inspection	25
5.09 Subsurface Conditions.	25
5.10 Limitation of Liability.	25
5.11 Commencement and Completion of Construction. . .	26
5.12 Sales and Construction Activities.	26
5.13 Enforcement and Remedies	27
5.14 Compliance Certification	27
ARTICLE VI - USE AND DEVELOPMENT RESTRICTIONS	
6.01 Use Restrictions	28
6.02 ARC Approval	28
6.03 Underground Utilities.	28
6.04 Building Setbacks.	28
6.05 Siting of Dwellings.	29
6.06 Trees.	29

<u>Item</u>	<u>No.</u>
6.07 Height Limitations	29
6.08 Minimum Living Space	29
6.09 Landscaping.	30
6.10 Roofing.	31
6.11 Exterior Lighting.	31
6.12 Exterior Materials and Finishes.	31
6.13 Chimneys	32
6.14 Garages.	32
6.15 Fences	33
6.16 Windows, Window Treatments and Doors	33
6.17 Mailboxes.	33
6.18 Utility Meters and HVAC Equipment.	33
6.19 Satellite Dishes and Antennae.	34
6.20 Driveways and Sidewalks.	34
6.21 Outdoor Furniture, Recreational Facilities and Clotheslines	34
6.22 Pets and Animals	35
6.23 Trash, Rubbish and Nuisances	36
6.24 Recreational Vehicles and Machinery and Equipment.	37
6.25 Signage.	38
6.26 Above Ground Tanks and Wells	38
6.27 Temporary Structures	38
6.28 Construction of Improvements	39
6.29 Subdivision and Interval Ownership	41
6.30 Swimming Pools and Tennis Courts	41
6.31 Security Systems	41
6.32 Traffic Regulations.	41
6.33 Lake Restrictions.	42
6.34 Compliance with Governmental Regulations	43
6.35 Additional Regulations	43
6.36 Variances.	43
6.37 Enforcement and Remedies	43

ARTICLE VII - MAINTENANCE RESPONSIBILITIES

7.01 Responsibilities of Owners	44
7.02 Responsibilities of Association.	45

ARTICLE VIII - COMMON AREA ASSESSMENTS

8.01 Assessments and Creation of Lien	47
8.02 Uniform Rate of Assessments.	48
8.03 Computation of Annual Assessments.	48
8.04 Annual Hugh Daniel Drive Assessments	51
8.05 Special Assessments.	52
8.06 Individual Assessments	52
8.07 Notice of Meetings and Quorum.	52
8.08 Developer's Obligations.	53

<u>Item</u>	<u>No.</u>
8.09 Effect of Non-Payment; Remedies of the Association	53
8.10 Subordination of Lien.	55
8.11 Certificates	56
 ARTICLE IX - CASUALTY, CONDEMNATION AND INSURANCE	
9.01 Damage or Destruction to Common Areas.	56
9.02 Damage of Destruction to Lots or Dwellings	57
9.03 Condemnation of Common Areas	57
9.04 Condemnation of Lots or Dwellings.	58
9.05 Insurance.	59
 ARTICLE X - TERM AND AMENDMENTS	
10.01 Term	59
10.02 Amendment by Developer	59
10.03 Amendments by Association.	60
10.04 Restrictions on Amendment.	61
 ARTICLE XI - MISCELLANEOUS PROVISIONS	
11.01 Control by Developer	61
11.02 Legal Expenses	62
11.03 Severability	62
11.04 Captions and Headings	62
11.05 Pronouns and Plurals	62
11.06 Binding Effect	62
11.07 Conflict or Ambiguity.	63
11.08 No Reverter.	63
11.09 Interpretation	63
11.10 Rights of Third Parties.	63
11.11 No Trespass.	63
11.12 No Partition	63
11.13 Reservation of Rights.	64
11.14 Standards for Review	64
11.15 Oral Statements.	64
11.16 Notices.	64
11.17 Assignment	64
11.18 Further Assurances	65
11.19 No Waiver.	65
11.20 Perpetuities	65
 EXHIBITS	
A Legal Description of Property	
B Legal Description of Hugh Daniel Drive	

THE CREST AT GREYSTONE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made as of the 2nd day of October, 1992 by DANIEL OAK MOUNTAIN LIMITED PARTNERSHIP, an Alabama limited partnership ("Developer").

R E C I T A L S:

Developer is the owner of the Property, as described in Section 1.27 below, and desires to own, develop, improve, lease and sell the Property for single-family detached residential housing purposes, subject to certain easements, covenants, conditions, restrictions, requirements and obligations in order to protect the value and desirability of the Property and to have a flexible and reasonable method for the administration and maintenance of the Property.

Developer has heretofore caused the Association, as defined in Section 1.06 below, to be formed as an Alabama nonprofit corporation for the purposes of managing and maintaining the Common Areas, as defined in Section 1.10 below, establishing annual budgets for maintaining the Common Areas and paying all costs and expenses incurred by the Association in connection therewith, making Assessments, as defined in Section 1.05 below, and otherwise taking all action which the Association is authorized to undertake hereunder.

NOW, THEREFORE, Developer does hereby declare that all of that certain real property situated in Shelby County, Alabama which is more particularly described in Exhibit A attached hereto and incorporated herein by reference shall be held, developed, improved, transferred, sold, conveyed, leased, occupied and used subject to the following easements, covenants, conditions, restrictions, charges, liens and regulations, which shall be binding upon and inure to the benefit of all parties acquiring or having any right, title or interest in any portion of the Property described in Exhibit A attached hereto and any of the Additional Property, as described in Section 1.01 below (but only to the extent Developer submits any portion of the Additional Property to the terms and provisions of this Declaration), and their respective heirs, executors, administrators, personal representatives, successors and assigns.

ARTICLE I

DEFINITIONS

As used throughout this Declaration, the following terms shall have the meanings set forth below, which meanings shall be applicable to both the singular and plural forms and tenses of such terms:

1.01 Additional Property. The term "Additional Property" shall mean and refer to any real property and any Improvements situated thereon lying adjacent to or in close proximity with the Property (but which does not presently comprise any part of the Development) which Developer may from time to time submit and add to the provisions of this Declaration pursuant to the provisions of Section 2.02 below. The Additional Property may also include additional Common Areas.

1.02 Annual Hugh Daniel Drive Assessments. The term "Annual Hugh Daniel Drive Assessments" shall have the meaning set forth in Section 8.04 below.

1.03 ARC. The term or letters "ARC" shall mean The Crest at Greystone Architectural Review Committee appointed pursuant to Section 5.02 hereof.

1.04 Articles of Incorporation. The term "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association and all amendments thereto.

1.05 Assessment. The term "Assessment" shall mean the annual and special assessments, the Annual Hugh Daniel Drive Assessments and any other charges assessed against an Owner by the Association pursuant to Sections 8.01, 8.04, 8.05 and 8.06 hereof.

1.06 Association. The term "Association" shall mean The Crest at Greystone Association, Inc., an Alabama nonprofit corporation.

1.07 Board. The term "Board" shall mean and refer to the Board of Directors of the Association and their duly elected successors as may be provided in the Articles of Incorporation and Bylaws.

1.08 Buffer Area. The term "Buffer Area" shall have the meaning set forth in Section 3.10 below.

1.09 Bylaws. The term "Bylaws" shall mean and refer to the bylaws of the Association, as the same may be amended from time to time.

1.10 Common Areas. The term "Common Areas" shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners. The Common Areas shall also include, regardless of whether the same are owned by the Association, (a) all private roadways or easements upon which private roadways providing ingress to and egress from the Development have been constructed within the boundaries of the Development, (b) all signage, street lights, lighting, walkways, sidewalks, paths, bicycle and jogging paths and lanes, gates, walls, fences, guardhouses, security gates and/or devices, improvements, landscaping and landscaped or other areas immediately adjacent to any public or private roadways, including all medians within any public or private roadways, whether the same are located within the Development or on any public or private roadways which may be adjacent to or in close proximity with the Development which provide ingress to and egress from any portion of the Development (other than any such areas located solely within the boundary lines of any Lot or Dwelling), (d) all Lakes, water features, storm drains and sewers, drainage and/or watershed protection or retention ponds, basins or other areas and facilities located within the Development (other than such areas located solely within the boundary lines of any Lot or Dwelling), (e) all maintenance areas and parking areas located on any portion of the Development (other than such areas located solely within the boundary lines of any Lot or Dwelling), (f) all utility lines, pipes, ducts, conduits, equipment, machinery and other apparatus and appurtenances which are located in or serve any portion of the Common Areas and (g) all parks, nature trails, recreational facilities and areas (excluding the Golf Club Property) and any other areas or Improvements on or within the Development which are designated as Common Areas by Developer from time to time. The designation of any land and/or improvements as Common Areas shall not mean or imply that the public at large acquires any easement of use or enjoyment or any other rights, licenses or benefits therein or to the use thereof. **THE GOLF CLUB PROPERTY IS NOT PART OF THE COMMON AREAS.**

1.11 Common Expenses. The term "Common Expenses" shall mean and refer to all expenditures made or incurred by or on behalf of the Association, including, without limitation, those expenses described in Section 8.03(e) below, together with all funds assessed for the creation or maintenance of reserves pursuant to the provisions of this Declaration.

1.12 Declaration. The term "Declaration" shall mean and refer to this The Crest at Greystone Declaration of Covenants, Conditions and Restrictions and all amendments thereto.

1.13 Developer. The term "Developer" shall mean Daniel Oak Mountain Limited Partnership, an Alabama limited partnership, its successors and assigns.

1.14 Development. The term "Development", with an initial capital letter, shall mean and refer to the Property and all the Common Areas thereof and all Improvements thereto and any of the Additional Property submitted to the provisions of this Declaration pursuant to Section 2.02 hereof. The Development does not include the Golf Club Property.

1.15 Dwelling. The term "Dwelling", with an initial capital letter, shall mean and refer to any improved Lot intended for use as a single-family detached residential housing unit.

1.16 Golf Club Property. The term "Golf Club Property" shall mean and refer to that certain real property and all improvements, structures, buildings and appurtenances thereto, which real property is more particularly described in that certain Memorandum of Ground Lease dated as of January 1, 1990 and recorded in Real 312, Page 268 in the Probate Office of Shelby County, Alabama, as the same may be amended from time to time. **THE GOLF CLUB PROPERTY IS NOT PART OF THE COMMON AREAS NOR IS IT TO BE GOVERNED BY THE PROVISIONS OF THIS DECLARATION. NO OWNER OR OCCUPANT, NOR THE ASSOCIATION SHALL HAVE ANY RIGHTS IN AND TO, OR ANY OBLIGATIONS WITH RESPECT TO, THE GOLF CLUB PROPERTY BY VIRTUE OF THIS DECLARATION OR BY VIRTUE OF OWNERSHIP OR OCCUPANCY OF ANY LOT OR DWELLING. THE GOLF CLUB PROPERTY IS PROVIDED SOLELY FOR ITS MEMBERS' USE AND OWNERSHIP OF ANY PORTION OF THE PROPERTY OR ANY LOT OR DWELLING SITUATED THEREON SHALL NOT ENTITLE SUCH OWNER TO ANY RIGHTS IN OR TO OR THE USE OF THE GOLF CLUB PROPERTY.**

1.17 Governmental Authority. The term "Governmental Authority" shall mean any and all city, county, state and federal governmental or quasi-governmental agencies, bureaus, departments, divisions or regulatory authorities having jurisdiction over any portion of the Development.

1.18 Hugh Daniel Drive. The term "Hugh Daniel Drive" shall mean and refer to that certain roadway situated adjacent to the Property and all improvements and alterations thereto which may be made to such roadway from time to time. The legal description of the right-of-way for Hugh Daniel Drive is set forth in Exhibit B attached hereto and incorporated herein by reference.

1.19 Improvement. The term "Improvement", with an initial capital letter, shall mean and refer to all Dwellings, any building, structure or device constructed, erected or placed upon any Lot or Common Area which in any way affects the exterior appearance of any Lot, Dwelling or Common Area. Improvements shall include, by way of illustration and not limitation, buildings, sheds, foundations, covered patios, decks, terraces, underground utilities, roads, driveways, walkways, paving, curbing, parking areas, trees, shrubbery, landscaping, fences, screening, walls, signs and any other artificial or man-made changes or alterations to the natural condition of any Lot. "Improvements" shall also mean any grading, excavation or fill, the volume of which exceeds eight (8) cubic yards.

1.20 Lakes. The term "Lake" or "Lakes" shall mean and refer to any lakes situated within the Development. Any Lake or Lakes situated with the Development shall be deemed part of the Common Areas.

1.21 Living Space. The term "Living Space" shall mean and refer to the enclosed and covered areas within a Dwelling which are heated and cooled by heating, ventilating and air conditioning equipment, exclusive of enclosed pools, garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics and basements.

1.22 Lot. The term "Lot" shall mean and refer to any unimproved portion of the Property upon which it is intended that a Dwelling be constructed thereon. Upon the recordation of any subdivision plat for any portion of the Property, each lot indicated thereon shall be deemed a Lot for purposes of this Declaration. A parcel of land shall be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the Improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such Lot and the Improvements thereon shall collectively be considered to be a Dwelling for purposes of this Declaration. In the event any Lot is resubdivided by Developer pursuant to the provisions of Section 2.06 hereof, the resubdivided Lots shall constitute the number of Lots which remain after such division or combination of Lots.

1.23 Mortgage. The term "Mortgage", with an initial capital letter, shall mean and refer to any mortgage, deed of trust or other security device encumbering a Lot, Dwelling or any interest therein and which shall have been duly and properly recorded in the Probate Office of Shelby County, Alabama.

1.24 Mortgagee. The term "Mortgagee", with an initial capital letter, shall mean and refer to the holder of any Mortgage.

1.25 Occupant. The term "Occupant" shall mean and include any Owner, the family members, guests, tenants, agents, servants, employees and invitees of any Owner and their respective family members and any other person who occupies or uses any Lot or Dwelling within the Development. All actions or omissions of any Occupant is and shall be deemed the action or omission of the Owner of such Lot or Dwelling.

1.26 Owner. The term "Owner", with an initial capital letter, shall mean and refer to the record owner, including Developer, of fee simple title to any Lot or Dwelling, whether a corporation, partnership, proprietorship, association or other entity of any nature, including natural persons, but shall not include (i) any Mortgagee unless and until such Mortgagee has foreclosed on its Mortgage and purchased such Lot or Dwelling at the foreclosure sale held with respect to the foreclosure of such Mortgage or (ii) any lessee, purchaser, contract purchaser or vendee who has an interest in any Lot or Dwelling solely by virtue of a lease, contract, installment contract or other agreement.

1.27 Property. The term "Property", with an initial capital letter, shall mean and refer to that certain real property situated in Shelby County, Alabama which is more particularly described in Exhibit A attached hereto and incorporated herein by reference. The Property shall also include any Additional Property made subject to this Declaration pursuant to Section 2.02 hereof. The Property does not include the Golf Club Property.

ARTICLE II

PROPERTY SUBJECT TO THE DECLARATION

2.01 General Declaration. Developer hereby declares that the Property is and shall be subject to the easements, covenants, conditions, restrictions, charges, liens and regulations of this Declaration and the Property, any part thereof and each Lot, Dwelling and Common Area thereof shall be held, owned, sold, transferred, conveyed, hypothecated, encumbered, leased, occupied, built upon and otherwise used, improved and maintained subject to the terms of this Declaration, which easements, covenants, conditions, restrictions, charges, liens and regulations shall run with the title to the Property and shall be binding upon and inure to the benefit of Developer and upon all Owners and Occupants of the Property and any Lot, Dwelling and Common Area

thereof. This Declaration shall not apply to or affect the Golf Club Property nor shall this Declaration apply to any other real property owned by Developer unless the same is subjected specifically by written instrument to this Declaration.

2.02 Additional Property. Developer reserves the right, in its sole and absolute discretion, at any time and from time to time during the pendency of this Declaration, to add and submit any Additional Property to the provisions of this Declaration and, to the extent any of the Additional Property is specifically submitted to the terms and provisions of this Declaration by Developer, then any such Additional Property shall constitute part of the Property. Additional Property may be submitted to the provisions of this Declaration by an instrument executed by Developer in the manner required for the execution of deeds and recorded in the Probate Office of Shelby County, Alabama, which instrument shall be deemed an amendment to this Declaration (which need not be consented to or approved by any Owner, Occupant or Mortgagee of any Lot or Dwelling) and shall (a) refer to this Declaration stating the recording information in the Probate Office of Shelby County, Alabama where this Declaration is recorded, (b) contain a statement that such Additional Property is conveyed subject to the provisions of this Declaration or only specified portions thereof, (c) contain an exact description of such Additional Property and (d) state such other or different covenants, conditions and restrictions as the Developer, in its sole discretion, shall specify to regulate and control the use, occupancy and improvement of such Additional Property. From and after the date on which an amendment to this Declaration is recorded in the Probate Office of Shelby County, Alabama submitting any Additional Property to the terms and provisions of this Declaration, the number of votes in the Association shall be increased by the number of Lots or Dwellings within the Additional Property which are added and submitted to the Declaration so that there shall continue to be one vote in the Association per Lot or Dwelling within the Development. In no event shall Developer be obligated to submit any Additional Property to the provisions of this Declaration or to impose any of the covenants, conditions or restrictions set forth in this Declaration upon any real property owned by Developer situated adjacent to or in close proximity with the Development. Notwithstanding anything provided in this Declaration to the contrary, (1) the provisions of this Section 2.02 may not be abrogated, modified, rescinded, supplemented or amended, in whole or in part, without the prior written consent of Developer and (2) the rights reserved by Developer pursuant to this Section 2.02 shall not be deemed to inure to the benefit of any transferee or purchaser of the Additional Property or any

portion thereof, unless Developer, in its sole discretion, transfers and conveys to such transferee or purchaser the rights reserved herein by express reference to Section 2.02 of this Declaration.

2.03 Right of Developer to Modify Restrictions with Respect to Lots Owned by Developer. With respect to any Lot owned by Developer, Developer may, by deed, contract or other instrument filed for record in the manner specified in Section 2.02 above, modify the provisions of this Declaration as the same apply to any such Lot; provided, however, that this Declaration may not be modified or amended to (a) increase or decrease the voting rights in the Association attributable to such Lot or any Dwellings situated thereon or (b) exempt any Lot or any Dwellings situated thereon from the payment of the Assessments.

2.04 Mutuality of Benefit and Obligation. The provisions of this Declaration are made (a) for the mutual and reciprocal benefit of each Lot, Dwelling and Common Area within the Property and are intended to create mutual, equitable servitudes upon and in favor of each Lot and Dwelling, (b) to create reciprocal rights and obligations between the respective Owners and all future and subsequent Owners of any Lot or Dwelling and (c) to create a privity of contract and estate between the Owners, their respective heirs, successors and assigns.

2.05 Development of Property. Developer shall have the right, but not the obligation, for so long as Developer owns any Lot or Dwelling in the Development, to make improvements and changes to all Common Areas and to all Lots or Dwelling owned by Developer, including, without limitation, (i) installation and maintenance of any Improvements in or to the Common Areas, (ii) changes in the location of the boundaries of any Lots or Dwellings owned by Developer or of the Common Areas, (iii) installation and maintenance of any water, sewer and any other utility systems and facilities within the Common Areas and (iv) installation of security and trash and refuse facilities.

2.06 Subdivision Plat. Developer reserves the right to record, modify, amend, revise and otherwise add to, at any time and from time to time, a subdivision plat setting forth such information as Developer may deem necessary with regard to the Development, including, without limitation, the locations and dimensions of all Lots, Dwellings, Common Areas, Additional Property, public or private roads, utility systems, drainage systems, utility easements, drainage easements, access easements, set-back line restrictions, lakes, retention ponds and drainage basins. Any such subdivision plats or any amendments thereto shall be binding

on the portions of the Property indicated thereon as if such subdivision plat were specifically incorporated into this Declaration. Notwithstanding anything provided to the contrary in this Declaration, Developer may at any time or from time to time divide and redivide, combine and resubdivide any Lots owned by Developer.

ARTICLE III

EASEMENTS

3.01 Grant of Non-Exclusive Easements to Owners.

(a) Common Areas. Subject to the terms and conditions of this Declaration and the rules, regulations, fees and charges from time to time established by the Board, Developer does hereby grant to each Owner and Occupant the non-exclusive right, privilege and easement of access to and the use and enjoyment of the Common Areas in common with Developer, its successors and assigns, and all other Owners and Occupants. Subject to the provisions of Sections 3.03(a), 3.03(b) and 3.03(c) below, the easement and rights granted pursuant to this Section 3.01(a) are and shall be permanent and perpetual, are non-exclusive, are appurtenant to and shall pass and run with title to each Lot and Dwelling.

(b) Hugh Daniel Drive. Subject to the terms and conditions set forth in this Declaration, Developer does hereby grant to each Owner and Occupant a non-exclusive easement over and upon, and the right to use for pedestrian and vehicular travel and transportation purposes, Hugh Daniel Drive, subject to and in common with Developer, its successors and assigns, and the rights of all other parties having any interest or rights therein. Subject to the terms of Sections 3.03(a), 3.03(b) and 3.03(c) below, the easement and right to use granted pursuant to this Section 3.01(b) are and shall be permanent and perpetual, are non-exclusive, are appurtenant to and shall pass and run with title to each Lot and Dwelling.

3.02 Grant of Easement to Governmental Authorities.

Subject to the provisions of Sections 3.03(a), 3.03(b) and 3.03(c) below, Developer does hereby grant to each branch, bureau, department and agency of the Governmental Authorities and their respective agents, employees and representatives, a permanent, perpetual and non-exclusive easement over, across, through and upon Hugh Daniel Drive and all of the private roadways within the Development forming a part of the Common Areas for the purposes of performing such duties and activities related to law enforcement, fire protection, trash and refuse collection, building inspection services, mail and package delivery, medical and emergency services and any other functions or duties to be performed by the Governmental Authorities as shall be required or appropriate from time to time.

3.03 Reservation of Controlled Access Easement.

(a) Waiver of Unlimited Access. Each Owner, by acceptance of a deed or other instrument conveying any interest in any Lot or Dwelling, does hereby waive all rights of uncontrolled and unlimited access, ingress to and egress from such Lot or Dwelling and acknowledges and agrees that (i) in order to provide a secure and safe environment, access and ingress to and egress from the Development may be controlled, restricted and limited to exclude the general public therefrom and (ii) access, ingress to and egress from such Owner's Lot or Dwelling shall be limited to the roads, sidewalks, walkways, paths, trails and bicycle and jogging paths and lanes designated as Common Areas by Developer; provided, however, that, subject to the terms and provisions of the Declaration, vehicular and pedestrian access to and from all Lots and Dwellings shall be provided at all times. Notwithstanding anything provided to the contrary in this Declaration, during any golf tournaments sponsored by or held on the Golf Club Property or by any other private golf and/or country clubs situated in close proximity with the Development which utilize any portion of Hugh Daniel Drive for access purposes, Developer reserves the right to limit and restrict access to Hugh Daniel Drive and any of the private roadways and Common Areas of the Development and, to the extent practicable, to make portions of Hugh Daniel Drive a one-way road.

(b) Right to Install Security. Developer does hereby establish and reserve for itself, the Association and their respective successors and assigns, the right and privilege, but not the obligation, to (i) maintain guarded or electronically-monitored gates controlling, limiting and restricting vehicular and pedestrian access to and from any portion of the Development and (ii) require payment of toll charges for use of any private roads within the Property by permitted commercial traffic or by members of the general public, provided that in no event shall any such tolls be applicable to (1) any Owner or Occupant, (2) any Mortgagee or its designated representative, (3) any of the Governmental Authorities or their designated agents and representatives or (4) Developer and those individuals designated from time to time by Developer to be afforded access to the Development.

(c) Power of Attorney. Notwithstanding anything provided to the contrary in this Declaration, Developer (i) does hereby establish and reserve the right, in its sole and absolute discretion, at any time and from time to time, to dedicate Hugh Daniel Drive or any portion thereof and/or any of the private roadways within the Development as public roadways to any Governmental Authority designated by Developer without requirement that the approval or consent of

any Owner, Occupant or Mortgagee be obtained and (ii) shall be and hereby is authorized and entitled to execute any and all agreements, documents, instruments and subdivision plats pursuant to which Hugh Daniel Drive or any portion thereof and/or any of the private roadways within the Development are submitted for dedication as public roadways. Each Owner, by acceptance of any deed to a Lot or Dwelling, and each Mortgagee, by the acceptance of any Mortgage on any Lot or Dwelling, shall be deemed to, and each does hereby, irrevocably appoint the Developer as its respective agent and attorney-in-fact for the purpose of executing, signing, acknowledging, swearing to and recording any and all instruments, certificates, documents, agreements and subdivision plats relating to the dedication of Hugh Daniel Drive or any portion thereof and/or any of the private roadways within the Development to any Governmental Authority as public roadways for and in the name of any such Owner and Mortgagee in their name, place and stead. The power and authority granted herein is hereby declared to be irrevocable and a power coupled with an interest which shall survive the death or dissolution of any Owner or Mortgagee and be binding on all Owners and Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns and anyone having any interest in any Lot, Dwelling, Common Areas or in any of the easement rights created or granted in this Declaration. The rights reserved by Developer pursuant to this Section 3.03(c) may be assigned to the Association which, upon such assignment, shall have the same rights reserved herein to Developer.

(d) Recreational Facilities. Subject to the terms and provisions of this Declaration and the rules, regulations, fees and charges from time to time established by the Board, each Owner and Occupant shall have the non-exclusive right, privilege and easement of access to and the use and enjoyment of the recreational areas, facilities and amenities now or hereafter located in the Common Areas. The easement and rights granted herein are and shall be permanent and perpetual, are non-exclusive, are appurtenant to and shall pass and run with title to each Lot and Dwelling.

(e) Benefit of Easements. The easements, rights and privileges granted in Sections 3.01 and 3.03 shall pass with each Lot and Dwelling as an appurtenance thereto and may not be severed, transferred, assigned or otherwise alienated separate or apart from a Lot or Dwelling.

3.04 Reservation of General Access Easement. Developer does hereby establish and reserve for itself, the ARC, the Association and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual non-exclusive easement appurtenant over, across, through and upon each Lot and Dwelling for the

purpose of providing ingress to and egress from each Lot and Dwelling for (a) inspecting each Lot and Dwelling and any Improvements thereon in order to determine compliance with the provisions of this Declaration and (b) the performance of the respective duties of Developer, the ARC and the Association hereunder, including, without limitation, taking any action required or permitted to be taken by Developer, the ARC and the Association pursuant to any of the terms or provisions of this Declaration; provided, however, that upon completion and occupancy of any Dwelling, then except in the event of emergencies, the foregoing easement shall be utilized only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of such Lot or Dwelling directly affected thereby.

3.05 Reservation of Easements With Respect to Common Areas. In addition to the other rights and easements established and reserved herein and regardless of whether Developer continues to own a Lot or Dwelling within the Development, Developer hereby establishes and reserves for itself and its successors and assigns, forever, a permanent and perpetual, non-exclusive easement over, across, upon and under all of the Common Areas for the purpose of using and enjoying the same; provided, however, that Developer shall not exercise such rights so as to unreasonably interfere with the rights of the Owners in the Development to use the Common Areas. Developer does hereby establish and reserve unto itself and its successors and assigns the permanent right to change, modify and realign the boundaries of the Common Areas. Developer further reserves the right, but shall not have any obligation, to convey by quitclaim deed to the Association at any time and from time to time any portion of the Property or any improvements thereto to be utilized as Common Areas, as Developer, in its sole discretion may determine.

3.06 Reservation of Easement for Utilities. Developer does hereby establish and reserve for itself and the Association and their respective successors and assigns, a permanent and perpetual non-exclusive easement appurtenant over, across, under, through and upon all portions of the Common Areas and all Lots and Dwellings which are reasonably necessary for the purpose of installing, erecting, replacing, relocating, maintaining and operating master television and/or cable systems, security and similar systems and all utilities necessary or convenient for the use of any portion of the Development or any other real property owned by Developer, including, without limitation, publicly or privately owned and operated electrical, gas, telephone, water and sewer services, storm drains and sewers, drainage systems, retention ponds, lakes, basins and facilities, lines, pipes, conduits, equipment, machinery and other apparatus and appurtenances necessary or otherwise reasonably

required in order to provide any utility service to any portion of the Development or any other real property owned by Developer. The easements established and reserved herein shall include the right to cut and remove trees, undergrowth and shrubbery, to grade, excavate or fill and to otherwise take all other action reasonably necessary to provide economical and safe installation, maintenance, repair, operation and replacement of all such utility services and the systems, equipment and machinery used to provide the same. Notwithstanding anything provided in this Section 3.06 to the contrary, (i) the utilization of any of the easements and rights established and reserved pursuant to this Section 3.06 shall not unreasonably interfere with the use or occupancy of any Dwelling situated on any Lot and (ii) Developer shall use good faith efforts to attempt to cause any utility company or other supplier or provider of any utility service which may utilize any of the easements and rights reserved and established pursuant to this Section 3.06 to take reasonable action to repair any damage caused by such utility company or other supplier or provider of such utility service during the exercise of any rights established and reserved herein.

3.07 Reservation of Easements for Signs, Walks, Trails, Walls and Fences.

(a) Easement for Walks, Trails and Signs.

Developer does hereby establish and reserve for itself and the Association and their respective successors and assigns, a permanent and perpetual easement appurtenant over, across, through and upon a strip of land ten (10) feet in width lying parallel to and running along the common exterior boundary between each Lot or Dwelling and any public or private roadway which is directly adjacent to and abuts such Lot or Dwelling for the purpose of constructing, installing, maintaining, repairing, operating, replacing and the use of sidewalks, walkways, trails, bicycle and jogging paths and lanes, traffic directional signs and related improvements; provided, however, that neither Developer nor the Association shall have any obligation to construct any of the foregoing improvements.

(b) Easement Along Lakes. Developer does hereby establish and reserve for itself, each Owner, the Association, the ARC and their respective heirs, executors, personal representatives, administrators, successors and assigns, a permanent, perpetual and non-exclusive easement appurtenant over, across, through and upon a strip of land fifteen (15) feet in width along that portion of any Lot which is directly adjacent to and abuts any Lake, retention pond, water feature, reservoir or waterway within the Development for the purpose of (i) constructing, installing, maintaining, repairing, operating, replacing and the use of

sidewalks, walkways or paths thereon, (ii) providing Developer, the Association, the ARC, all Owners and their respective Occupants, heirs, executors, administrators, personal representatives, successors and assigns, with the non-exclusive right to use such easement property and any improvements thereto for pedestrian access to, along and around any such Lakes and (iii) mowing, clearing, removing, cutting and pruning any grass, weeds, underbrush, trees, stumps or other unsightly growth thereon; provided, however, that neither Developer, the ARC, nor the Association shall have any obligation to construct any of the foregoing improvements or undertaking any of the foregoing maintenance, repair or other actions specified herein.

3.08 Reservation of Maintenance Easement. Developer does hereby establish and reserve for itself, the Association and their respective agents, employees, successors and assigns, a permanent and perpetual right and easement to enter upon any Lot or Dwelling for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash so as to maintain reasonable standards of health, fire safety and appearance within the Development; provided, however, that such easement shall not impose any duty or obligation upon Developer or the Association to perform any of the foregoing actions.

3.09 Reservation of Environmental Easement. Developer does hereby establish and reserve for itself, the ARC, the Association and their respective agents, employees, successors and assigns, a permanent and perpetual right and easement on, over, across and upon all Lots and all unimproved portions of any Dwellings for the purpose of taking any action necessary to effect compliance with any watershed, soil erosion or environmental rules, regulations and procedures from time to time promulgated or instituted by any Governmental Authorities or the Board. The easement and right established and reserved herein shall include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water and the right to take any other action which may be required in order to satisfy the requirements of any Governmental Authorities. Except in the case of an emergency situation or a perceived emergency situation, the exercise by Developer or the Association of the rights reserved in this Section 3.09 shall not unreasonably interfere with the use or occupancy of any Dwelling situated on any Lot.

3.10 Establishment of Buffer Area. Developer does hereby declare, establish and reserve a permanent and perpetual thirty (30) foot buffer along the front Lot line of each Lot and Dwelling in the Development (the "Buffer Area"). The Buffer Area shall remain in its natural,

undisturbed state and shall not be graded, excavated, filled, cleared, landscaped or otherwise disturbed in any respect by any Owner without the prior written consent of the ARC. Furthermore, (a) no trees, shrubbery, bushes or other vegetation lying on or within the Buffer Area of each Lot or Dwelling may be cut, pruned, removed or mutilated without the prior written consent of the ARC and (b) no Improvements (other than underground utilities, mailboxes and driveways, as approved by the ARC), furniture, equipment, machinery, toys, recreational equipment or any other man-made devices or articles of any nature shall be kept, maintained, installed or placed in such Buffer Area of any Lot or Dwelling.

ARTICLE IV

ASSOCIATION

4.01 Membership. The Owner of each Lot or Dwelling shall be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot or Dwelling; provided, however, that (a) Developer shall be deemed a member of the Association and shall have the voting rights set forth in Sections 4.02 and 4.03 below, (b) in the event any Lot or Dwelling is owned by more than one (1) person, then the Owner of such Lot shall, by written notice to the Board, designate only one (1) representative to serve as a member of the Association who shall exercise all voting rights attributable to the Lot or Dwelling owned by such Owner and (c) no Mortgagee shall become a member of the Association until such time, if at all, that the Mortgagee becomes an Owner by virtue of foreclosure of its Mortgage and title to such encumbered Lot or Dwelling is vested in Mortgagee pursuant to a duly recorded deed. The transfer or conveyance of fee title to any Lot or Dwelling (other than by a Mortgage as security for the payment of an obligation), shall automatically include the transfer of all membership rights of such Owner in the Association with respect to the Lot or Dwelling transferred and conveyed, notwithstanding any failure of the transferor to endorse to his transferee any certificates, assignments or other evidence of such membership. Membership or the rights and benefits in the Association may not be transferred, assigned, conveyed or otherwise alienated in any manner separately and apart from the ownership of a Lot or Dwelling. Each member of the Association shall at all times comply with the provisions of this Declaration, the Articles of Incorporation, the Bylaws and all rules and regulations which may from time to time be adopted by the Board or the members of the Association.

4.02 Board. The Board shall have the rights and duties set forth in the Articles of Incorporation and the Bylaws. Developer hereby retains and shall have the right to appoint or remove, with or without cause, any member or members of the Board and any officer or officers of the Association until the latter to occur of the following: (a) the expiration of fifteen (15) years from the date of this Declaration or (b) at such time as Developer no longer is the Owner of any Lot or Dwelling within the Development; provided, however, that Developer may, in its sole discretion, elect to transfer all such rights to the members of the Association prior to the occurrence of either the foregoing events. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, vests in Developer such authority to appoint and remove members of the Board and officers of the Association as provided by this Section 4.02.

4.03 Voting Rights. Subject to the rights reserved to Developer herein and in the Articles of Incorporation and Bylaws and the rights of the Association to suspend any Owner's voting rights or privileges in the Association pursuant to Section 8.09(d) below, the Owner of each Lot or Dwelling shall be entitled to one (1) vote in any matters submitted to the members of the Association for approval. No Owner, whether one or more persons, shall have more than one membership and one vote per Lot or Dwelling. Such voting rights shall continue to apply to each Lot or Dwelling upon the addition of any of the Additional Property to this Declaration. Each Owner, by acceptance of a deed or other conveyance to a Lot or Dwelling, consents and agrees to the dilution of his voting interest in the Association by virtue of the resubdivision of any Lot by Developer pursuant to Section 2.06 above or the submission of any Additional Property to the terms of this Declaration. In no event, whether as a result of there being multiple ownership interests in any Lot or Dwelling or otherwise, shall more than one vote be allowed for any one Lot or Dwelling. Fractional voting shall not be permitted. Notwithstanding anything provided in this Section 4.03 to the contrary, Developer hereby retains and shall have the sole right to appoint or remove, with or without cause, any and all members of the Board of the Association and any and all officers of the Association until the latter to occur of the following: (a) the expiration of fifteen (15) years from the date of this Declaration or (b) at such time as Developer no longer is the Owner of any Lot or Dwelling within the Development, subject to the rights of Developer to transfer such rights to the members of the Association as provided in the Bylaws.

4.04 Duties and Powers of Association. In addition to the rights, duties, responsibilities and obligations of the Association otherwise set forth in this Declaration, the Association shall have the power to do, cause to be done and otherwise perform or cause to be performed any of the duties and powers set forth in the Articles of Incorporation and the Bylaws. The Association may exercise any other right or privilege granted to it expressly by this Declaration or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. In the event of any conflict, ambiguity or inconsistency between the Code of Alabama, this Declaration, the Articles of Incorporation, the Bylaws or any rules and regulations adopted from time to time by the Association, then the provisions of the Code of Alabama, this Declaration, the Articles of Incorporation, the Bylaws and any rules and regulations adopted by the Association, in that order, shall prevail and each Owner, by acceptance of a deed or other conveyance to a Lot or Dwelling, covenants and agrees to vote in favor of and execute any amendments as may be necessary to remove or alleviate any such conflict, ambiguity or inconsistency. The powers of the Association shall include, but not be limited to, (i) the power to purchase one or more Lots and/or Dwellings and any other real or personal property, whether tangible or intangible, and to hold, lease, mortgage, sell and otherwise convey the same, (ii) subject to the provisions of this Section 4.04, the right to borrow money for the purpose of acquiring additional Common Areas, for constructing, repairing, maintaining or improving the Common Areas or any portion thereof or for providing any of the services authorized herein, (iii) subject to the provisions of this Section 4.04, the right to give Mortgages or other security instruments encumbering all or any part of the Common Areas as security for any loan obtained by the Association; provided, however, that the lien and encumbrance of any such Mortgage shall be subject and subordinate to all of the rights, interests, privileges, easements, licenses, and options reserved or established herein for the benefit of Developer, the ARC, the Association and all Owners and Occupants, (iv) the right to grant and accept easements, (v) the right to dedicate or transfer fee simple title to all or any portion of the Common Areas to any Governmental Authority; provided, however, that except as provided in Section 3.03(c) above and in Section 9.03 below, the dedication or transfer of title to any of the Common Areas must be approved by a majority of those Owners present in person or by proxy at a duly held meeting of the Association called for such purpose and (vi) the right to arrange with any of the Governmental Authorities or any public or private utilities or others, for the furnishing of trash collection, water, sewer and/or security services for the Common Areas and/or the Lots and Dwellings. For so long

as Developer shall own any Lot or Dwelling, the Association shall not, without the consent of Developer, borrow money or pledge, mortgage, encumber, sell or otherwise convey any interest it may have in the Common Areas. Except as otherwise specifically provided to the contrary herein, in the Articles of Incorporation or in the Bylaws, the powers and authority granted to the Association may be exercised by the Board, acting through the officers of the Association, without further consent or action on the part of the Owners.

4.05 Agreements. Subject to the conditions, restrictions and other provisions of this Declaration, all agreements, actions and determinations lawfully authorized by the Board shall be binding upon all Owners, their heirs, executors, personal representatives, administrators, successors and assigns and all others having any interest in the Development. In performing its responsibilities hereunder, the Association, through the Board, shall have the right and authority to delegate to such persons of its choice such duties of the Association as may be determined by the Board. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of any portion of the Development, whether such personnel are furnished or employed directly by the Association or by independent contract with the Association. All costs and expenses incurred incident to the employment of a manager of the Development or any of the Common Areas shall be a Common Expense. During the term of any such management agreement entered into by the Association with a third party, such manager may, if authorized by the Board, exercise all the powers and shall be responsible for the performance of all of the duties of the Association, excepting any of such powers or duties specifically and exclusively reserved to the Board or the officers of the Association by the Declaration, the Articles of Incorporation or the Bylaws. Such manager may be an individual, corporation or other legal entity and may be bonded in such manner as the Board may require, with the costs of such bond to be a Common Expense. In addition to the foregoing, the Association may pay for and the Board may hire and contract for such legal and accounting services as are necessary or desirable in connection with the operation of the Development, or the enforcement of this Declaration, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association.

4.06 Management by Developer or its Affiliates. Developer or any affiliate thereof may be employed as the manager of the Association and the Development, at such

compensation and on such terms as would be usual, customary and obtainable in an arms-length transaction with any third party providing comparable services for any real estate development in the southeastern United States of the size, quality and nature of the Development. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, shall be deemed to ratify the provisions of this Section 4.06 and specifically be deemed to have approved any such management agreement entered into by the Association and Developer or any affiliate thereof.

4.07 Rules and Regulations. The Board may establish and enforce reasonable rules and regulations governing the use of all Lots, Dwellings and Common Areas. Without limiting the foregoing, the Board may adopt rules and regulations which shall govern the use of any of the Common Areas (including, specifically, the use of the Lakes and any of the recreational facilities, if any, situated within the Common Areas), the establishment of bird sanctuaries, wildlife and wildflower areas, the enforcement of all of the terms and provisions of this Declaration and any rules and regulations adopted by the Board and such other matters, including, without limitation, the limitation, restriction or prohibition of application of fertilizers, pesticides and other chemicals within the Development. Copies of such rules and regulations shall be binding upon all Owners and Occupants until and unless such rule or regulation is specifically overruled, cancelled or modified by the Board or by the majority vote of the total votes of the Association at any regular or special meeting of the Association; provided, however, that no such rules or regulations may be overruled, cancelled or modified unless such action is also approved by Developer for so long as Developer owns any Lot or Dwelling in the Development.

4.08 Indemnification. The Association shall and does hereby indemnify, defend and agree to hold each and every officer, agent, representative and member of the Board of the Association harmless from and against any and all expenses, including court costs and reasonable attorneys' fees, suffered, paid or incurred by any such officer, agent, representative or member of the Board in connection with any action, suit or other proceeding (including the settlement of any suit or proceeding if approved by the Board) to which such person may be made a party by reason of being or having been an officer, agent, representative or member of the Board of the Association. The officers, agents, representatives and members of the Board of the Association shall not be liable for any mistake in judgment, negligence or otherwise except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The officers, agents, representatives and members of the Board of the Association shall have no

personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall and does hereby indemnify, defend and agree to forever hold each such officer, agent, representative and member of the Board harmless from any and all liability to others on account of any such contract or commitment. The indemnification obligations and rights provided for herein shall not be exclusive of any other rights to which any officer, agent, representative or member of the Board of the Association may be entitled, including anything provided to the contrary contained in the Articles of Incorporation or the Bylaws. The Association shall maintain adequate general liability and officers and directors liability insurance in order to fulfill its obligations under this Section 4.08 and the costs of such insurance shall constitute a Common Expense.

ARTICLE V

ARCHITECTURAL REVIEW COMMITTEE, DEVELOPMENT AND ARCHITECTURAL STANDARDS

5.01 Committee Composition. The ARC shall consist of not less than three (3) nor more than seven (7) persons, each of whom shall be appointed or elected as provided in Section 5.02 below. The members of the ARC may, but shall not be required to be, members of the Association or Owners of any Lot or Dwelling. The regular term of office for each member of the ARC shall be one (1) year, coinciding with the fiscal year of the Association. Any member appointed or elected as provided in Section 5.02 below may be removed with or without cause in the manner provided in Section 5.02 below. Each Owner, by acceptance of a deed to or other conveyance to a Lot or Dwelling, shall be deemed to ratify the provisions of Section 5.02 below.

5.02 Appointment and Removal of ARC Members.

(a) Developer hereby retains and shall have the sole right to appoint or remove, with or without cause, any and all members of the ARC until the latter to occur of the following: (i) the expiration of fifteen (15) years from the date of this Declaration; or (ii) at such time as Developer no longer is the Owner of any Lot or Dwelling within the Development; provided, however, that Developer may, in its sole discretion, elect to transfer all such rights to appoint members of the ARC prior to the occurrence of either of the foregoing events.

(b) Upon the latter to occur of (i) the expiration of fifteen (15) years from the date of this Declaration or (ii) at such time as Developer no longer is the Owner of any Lot or Dwelling within the Development or, upon Developer's written notice to the Association that it no longer desires to exercise the right to appoint and remove members of the ARC as provided in Section 5.02(a) above, then the members of the ARC shall be appointed by the Board of the Association.

(c) Any member of the ARC may be removed, with or without cause, by (i) Developer, in its sole discretion, during the period of time that the provisions of Section 5.02(a) above are in effect or (ii) the Board, in the event the provisions of Section 5.02(b) above are in effect. In the event of the death or resignation of a member of the ARC, then Developer, in the event the provisions of Sections 5.02(a) above are applicable, or the Board, in the event the provisions of Section 5.02(b) above are applicable, as the case may be, shall appoint a substitute member of the ARC to fill the vacancy of such deceased or resigning member for the remainder of the term of such former member.

5.03 Procedure and Meetings. The ARC shall elect a chairman and he, or in his absence, the vice-chairman, shall be the presiding officer at all meetings of the ARC. The ARC shall meet on a regular basis as well as upon call of the chairman or vice-chairman, and all such meetings shall be held at such places as may be designated by the chairman or vice-chairman. A majority of the total number of members of the ARC shall constitute a quorum of the ARC for the transaction of business and the affirmative vote of a majority of those present in person or by proxy at a meeting of the ARC shall constitute the action of the ARC on any matter which comes before it. The ARC is authorized to retain the services of consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. Each member of the ARC may be paid a stipend or honorarium as may from time to time be determined by the Board of the Association and shall otherwise be entitled to a reimbursement of expenses incurred on behalf of the ARC, subject to the approval of such expenses by the Board of the Association. The ARC shall have the right from time to time to adopt and establish such rules and regulations as may be determined to be necessary concerning the procedure, notice of meetings and all other matters concerning the conduct of the business of the ARC.

5.04 Architectural Standards. The ARC is hereby authorized to promulgate and amend or modify from time to time written architectural standards governing policies, guidelines and minimum requirements to be satisfied with respect to the construction, location, landscaping and design

of all Dwellings and other Improvements on any Lot, the content and manner in which plans and specifications and other documentation and information concerning the construction of any Dwelling or other Improvements on a Lot are to be submitted to and approved by the ARC and any other matters affecting the construction, repair or maintenance of any Dwelling or other Improvements on any Lot. Any such architectural standards adopted by the ARC shall be in addition to the provisions and requirements set forth in this Declaration and shall be binding upon and enforceable against all Owners.

5.05 Approval of Plans and Specifications.

(a) IN ORDER TO PRESERVE THE ARCHITECTURAL AND AESTHETIC APPEARANCE AND THE NATURAL SETTING AND BEAUTY OF THE DEVELOPMENT, TO ESTABLISH AND PRESERVE A HARMONIOUS DESIGN FOR THE DEVELOPMENT AND TO PROTECT AND PROMOTE THE VALUE OF THE PROPERTY, THE LOTS, THE DWELLINGS, AND ALL IMPROVEMENTS THEREON, NO IMPROVEMENTS OF ANY NATURE SHALL BE COMMENCED, ERECTED, INSTALLED, PLACED, MOVED ONTO, ALTERED, REPLACED, RELOCATED, PERMITTED TO REMAIN ON OR MAINTAINED ON ANY LOT OR DWELLING BY ANY OWNER, WHICH AFFECT THE EXTERIOR APPEARANCE OF ANY LOT OR DWELLING UNLESS PLANS AND SPECIFICATIONS THEREFOR HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF SECTION 5.05(b) BELOW. WITHOUT LIMITING THE FOREGOING, THE CONSTRUCTION AND INSTALLATION OF ANY DWELLINGS, SIDEWALKS, DRIVEWAYS, PARKING LOTS, MAILBOXES, DECKS, PATIOS, COURTYARDS, SWIMMING POOLS, TENNIS COURTS, GREENHOUSES, PLAYHOUSES, AWNINGS, WALLS, FENCES, EXTERIOR LIGHTS, GARAGES, GUEST OR SERVANT'S QUARTERS, GARAGES OR ANY OTHER OUTBUILDINGS, SHALL NOT BE UNDERTAKEN, NOR SHALL ANY EXTERIOR ADDITION TO OR CHANGE OR ALTERATION BE MADE (INCLUDING, WITHOUT LIMITATION, PAINTING OR STAINING OF ANY EXTERIOR SURFACE) TO ANY DWELLING OR IMPROVEMENTS, UNLESS THE PLANS AND SPECIFICATIONS FOR THE SAME HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF SECTION 5.05(b) BELOW.

(b) The ARC is hereby authorized and empowered to approve all plans and specifications and the construction of all Dwellings and other Improvements on any part of the Property. Prior to the commencement of any Dwelling or other Improvements on any Lot or Dwelling, the Owner thereof shall submit to the ARC plans and specifications and related data for all such Improvements, which shall include the following:

(i) Two (2) copies of an accurately drawn and dimensioned site development plan indicating the location of any and all Improvements, including, specifically, the Dwelling to be constructed on

said Lot, the location of all driveways, walkways, decks, terraces, patios and outbuildings and the relationship of the same to the Buffer Area and any set-back requirements applicable to the Lot or Dwelling.

(ii) Two (2) copies of a foundation plan, floor plans and exterior elevation drawings of the front, back and sides of the Dwelling to be constructed on the Lot.

(iii) Two (2) copies of written specifications and, if requested by the ARC, samples indicating the nature, color, type, shape, height and location of all exterior materials to be used in the construction of the Dwelling on such Lot or any other Improvements thereto, including, without limitation, the type and color of all brick, stone, stucco, roofing and other materials to be utilized on the exterior of a Dwelling and the color of paint or stain to be used on all doors, shutters, trim work, eaves and cornices on the exterior of such Dwelling.

(iv) Three (3) copies of the lighting plan, including specifications, for any exterior lighting to be utilized with respect to such Lot or Dwelling.

(v) Three (3) copies of a landscaping plan prepared and submitted in accordance with the provisions of Section 5.06 below.

(vi) Such other plans, specifications or other information or documentation as may be required by the Architectural Standards.

(c) The ARC shall, in its sole discretion, determine whether the plans and specifications and other data submitted by any Owner for approval are acceptable. One copy of all plans, specifications and related data so submitted to the ARC shall be retained in the records of the ARC and the other copy shall be returned to the Owner submitting the same marked "approved", "approved as noted" or "disapproved". The ARC shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys retained in order to approve such plans and specifications and to monitor and otherwise enforce the terms hereof. Notwithstanding anything provided herein to the contrary, an Owner may make interior improvements and alterations within his Dwelling that do not affect exterior appearance without the necessity or requirement that ARC approval or consent be obtained.

(d) The ARC shall have the right to disapprove any plans and specifications upon any ground which is consistent with the objectives and purposes of this Declaration, including purely aesthetic considerations, any failure to comply with any of the provisions of this Declaration, failure to provide requested information, objection to exterior design, appearance or materials, objection on the ground of incompatibility of any such proposed improvement with the scheme of development proposed for the Development, objection to the location of any proposed Improvements on any such Lot, objection to the landscaping plan for such Lot or Dwelling, objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any Improvement or any other matter which, in the sole judgment of the ARC, would render the proposed Improvement inharmonious with the general plan of development contemplated for the Development. The ARC shall have the right to approve any submitted plans and specifications with conditions or stipulations by which the Owner of such Lot or Dwelling shall be obligated to comply and must be incorporated into the plans and specifications for such Improvements or Dwelling. Approval of plans and specifications by the ARC for Improvements to one particular Lot or Dwelling shall not be deemed an approval or otherwise obligate the ARC to approve similar plans and specifications or any of the features or elements for the Improvements for any other Lot or Dwelling.

(e) In the event the ARC fails to approve in writing any such proposed plans and specifications within thirty (30) days after such plans and specifications have been submitted, then the plans and specifications so submitted will be deemed to have been disapproved.

(f) Any revisions, modifications or changes in any plans and specifications previously approved by the ARC must be approved by the ARC in the same manner specified above.

(g) If construction of the Dwelling or the Improvements has not substantially commenced (e.g., by clearing and grading, pouring of footing and otherwise commencing framing and other related construction work) within one (1) year of approval by the ARC of the plans and specifications for such Dwelling or other Improvements, then no construction may be commenced (or continued) on such Lot or Dwelling and the Owner of such Lot or Dwelling shall be required to resubmit all plans and specifications for any Dwelling or other Improvements to the ARC for approval in the same manner specified above.

5.06 Landscaping Approval. In order to preserve, to the extent practicable, the natural landscaping and plant life currently situated on the Property and in order to enhance the aesthetic appearance of the Property, no landscaping, grading, excavation or fill work of any nature shall be

implemented or installed by any Owner on any Lot or Dwelling unless and until landscaping plans therefor have been submitted to and approved by the ARC. The provisions of Section 5.05 above regarding the method that such plans are to be submitted to the ARC, the time for approval or disapproval of the same and the method of approving modifications or changes thereto shall be applicable to such landscaping plans.

5.07 Construction Without Approval. If (a) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Lot or Dwelling without ARC approval of the plans and specifications for the same or (b) the ARC shall determine that any approved plans and specifications for any Improvements or the approved landscaping plans for any Lot or Dwelling are not being complied with, then, in either event, the Owner of such Lot or Dwelling shall be deemed to have violated this Declaration and the ARC shall have the right to exercise any of the rights and remedies set forth in Section 5.13 below.

5.08 Inspection. The ARC or any agent, employee or representative thereof may at any reasonable time and from time to time enter upon and inspect any Lot or Dwelling or any Improvements being constructed thereon in order to determine whether the approved plans and specifications therefor are being complied with. Any such entry shall not be deemed to be a trespass or any other wrongful act by the ARC.

5.09 Subsurface Conditions. The Property may be located in an area which includes rock, underground mines, tunnels, sinkholes and subsurface conditions which may result in sinkholes or other types of ground subsidence. The approval of plans and specifications by the ARC for any Dwelling or other Improvements on a Lot or Dwelling shall not be construed in any respect as a representation or warranty by the ARC or Developer to the Owner submitting such plans or to any of the successors or assigns of such Owner that the surface or subsurface conditions of such Lot or Dwelling are suitable for the construction of the Improvements contemplated by such plans and specifications. It shall be the sole responsibility of each Owner to determine the suitability and adequacy of the surface and subsurface conditions of any Lot or Dwelling for the construction of any contemplated Improvements thereon.

5.10 Limitation of Liability. Notwithstanding anything provided herein to the contrary, neither Developer, the ARC, the Association, nor any agent, employee, representative, member, shareholder, partner, officer or director thereof, shall have any liability of any nature whatsoever for any damage, loss or prejudice suffered, claimed, paid or incurred

by any Owner on account of (a) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article V, (b) any defects, structural or otherwise, in any work done according to such plans and specifications, (c) the failure to approve or the disapproval of any plans, drawings, specifications or other data submitted by any Owner for approval pursuant to the provisions of this Article V, (d) the construction or performance of any work related to such plans, drawings and specifications, (e) bodily injuries (including death) to any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of any such Owner or Occupant, or any damage to any Dwellings, Improvements or the personal property of any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of such Owner or Occupant, which may be caused by, or arise as a result of, any defect, structural or otherwise, in any Dwellings or Improvements or the plans and specifications therefore, or any past, present or future soil and/or subsurface conditions, known or unknown (including, without limitation, rock, sinkholes, underground mines, tunnels and water channels and limestone formations on or under any Lot or Dwelling) and (f) any other loss, claim, damage, liability or expense, including court costs and attorneys' fees, suffered, paid or incurred by any Owner arising out of or in connection with the use and occupancy of any Lot or Dwelling or any Improvements situated thereon.

5.11 Commencement and Completion of Construction. Upon commencement of construction of any Dwelling, construction work thereon shall be prosecuted diligently and continuously and shall be completed within one (1) year of the commencement date of said construction, such completion to be evidenced by a certificate of occupancy issued by the appropriate Governmental Authorities.

5.12 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, Developer, its agents, employees, successors and assigns, shall have the right and option to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of Lots and/or Dwellings or the development of Lots, Dwellings, Common Areas and the Additional Property, including, without limitation, the installation and operation of sales and construction trailers and offices and signs, all as may be approved by Developer from time to time; provided, however, that the location of any construction trailers of any assignees of Developer's rights under this Section 5.12 shall be subject to Developer's approval. The

right to maintain and carry on such facilities and activities shall include, without limitation, the right to use Dwellings as model residences and as offices for the sale of Lots and/or Dwellings and for any related activities.

5.13 Enforcement and Remedies. In the event any of the provisions of this Article V are breached or are not otherwise being complied with in all respects by any Owner or Occupant or the respective family members, guests, invitees, agents, employees or contractors of any Owner or Occupant, then the ARC and the Association shall each have the right, at their option, to (a) enjoin any further construction on any Lot or Dwelling and require the removal or correction of any work in place which does not comply with the plans and specifications approved by the ARC for such Improvements and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to extinguish such violation or breach. All costs and expenses incurred by the ARC or the Association in enforcing any of the provisions of this Article V, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of nonconforming work, the completion of uncompleted work or in any judicial proceeding, together with any other costs or expenses incurred by the ARC or the Association in causing any Owner or such Owner's contractors, agents or invitees to comply with the terms and provisions of this Article V, shall be paid by such Owner, shall constitute an individual Assessment to such Owner pursuant to Section 8.06 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 8.09 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the rights and remedies of the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies which the ARC or the Association may exercise at law or in equity or any of the enforcement rights specified in Sections 6.37, 8.06 and 8.09.

5.14 Compliance Certification. The ARC or any authorized representative thereof shall, upon request and at such reasonable charges as may from time to time be adopted by the Board, furnish to an Owner a certificate in writing setting forth whether all necessary ARC approvals have been obtained and whether any Dwelling or Improvement has been constructed in accordance with the provisions of this Declaration.

ARTICLE VI

USE AND DEVELOPMENT RESTRICTIONS

6.01 Use Restrictions. Except as otherwise provided to the contrary in Section 5.12 above and in this Section 6.01, each Lot and Dwelling shall be used for detached single-family residential purposes only. The use of any portion of a Dwelling as an office by an Owner shall not be considered a violation of this covenant if such use does not create regular customer, client or employee traffic. The leasing or rental of a Dwelling for residential purposes only shall not be considered a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling, (b) is for a term of at least six (6) months and (c) is otherwise in compliance with the rules and regulations promulgated and published from time to time by the Association; provided, however, that Developer shall have the perpetual right to designate from time to time any Dwellings owned by Developer, its successors and assigns, which may be leased for such periods of time as Developer may determine, including daily or weekly rentals. Notwithstanding anything provided in this Section 6.01 to the contrary, the Property or any portion thereof, including, specifically, any Lots constituting any portion of the Property, may be used and developed for (i) any of the uses included in the definition of Common Areas and (ii) any uses permitted under applicable zoning ordinances affecting the Property; provided, however, that in the event any portion of the Property is to be developed or used for any purpose other than Common Areas or detached single-family residential dwelling purposes, then such use must be approved in writing by the ARC.

6.02 ARC Approval. No Dwellings or other Improvements of any nature whatsoever shall be constructed on any Lot or Dwelling unless such Dwelling and/or Improvements have been approved by the ARC in the manner set forth in Article V above.

6.03 Underground Utilities. All utility lines, pipes, conduits and wiring for electrical, gas, telephone, water, sewer, cable television, security and any other utility service for any portion of the Property shall be installed and maintained below ground.

6.04 Building Setbacks.

(a) Subject to the provisions of Sections 6.04(c) and 6.05 below, minimum building setback lines for all Dwellings shall be as follows:

Front Building Setback: 35 feet (but subject to additional setback as may be required by the ARC pursuant to Section 6.05 below)
Side Building Setback: 25 feet
Rear Building Setback: 50 feet.

(b) All setback lines shall be measured from the property line of each Lot or Dwelling. No Dwellings shall be built within the setback areas established in accordance with any of the procedures specified in Section 6.04(c) above or Section 6.04(d) below. All eaves, steps, stoops, porches, terraces, decks and patios shall be deemed a part of the Dwelling for the purposes of determining building setback areas pursuant to this Section 6.04.

(c) Notwithstanding anything provided herein to the contrary, any Dwellings to be constructed within 200 feet of the right-of-way of Hugh Daniel Drive shall be subject to the setback requirements set forth in those certain Amended and Restated Restrictive Covenants dated as of November 3, 1989 which have been recorded in Deed Book 265, Page 96 in the Probate Office of Shelby County, Alabama.

6.05 Siting of Dwellings. Prior to commencing any construction-related activities on any Lot (including any grading or clearing), the location of any Dwelling to be constructed thereon shall be set forth on the site development plan for such Lot which must be approved by the ARC pursuant to the provisions of Section 5.05 above and shall be staked on the Lot for ARC approval. Notwithstanding anything provided in Section 6.04 above to the contrary, the ARC may require building setback requirements different from those described in Section 6.04, including building setbacks which are greater than those specified in Section 6.04 above.

6.06 Trees. Unless located within ten (10) feet of a Dwelling or any driveway or sidewalk, no Owner shall cut, remove or mutilate any tree, shrub, bush or other vegetation having a trunk diameter of four (4) inches or more at a point of three (3) feet above ground level, without first obtaining the approval of the ARC; provided, however, that the foregoing shall not be deemed to prohibit the cutting and removal of any dead or diseased trees certified as such by the ARC nor shall the foregoing be deemed to release any Owner from the provisions of Sections 6.09 and 7.01 below.

6.07 Height Limitations. The height of all Dwellings shall be compatible with all other Dwellings adjacent to such Lot or Dwelling. No Dwelling shall exceed three and one-half (3½) stories in height.

6.08 Minimum Living Space. Each Dwelling shall contain a minimum of 4,000 square feet of Living Space.

6.09 Landscaping.

(a) The landscaping plan for each Lot or Dwelling in the Development shall be submitted to the ARC for approval pursuant to the provisions of Section 5.06 above. Each Owner shall, to the extent practicable, attempt to incorporate into the landscaping plan for his Dwelling the natural plant life existing on such Lot and shall otherwise take such steps which would, to the extent practicable, preserve the existing trees, plant life, wild flowers and natural environment, including natural drainage channels, which exist on such Lot.

(b) All landscaping for a Lot shall be completed in accordance with the landscaping plan approved by the ARC no later than thirty (30) days following the issuance of a certificate of occupancy for the Dwelling situated thereon.

(c) No rocks, rock walls or other substances shall be placed on any Lot as a front or side yard border or to prevent vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. No bird baths, fountains, reflectors, flag poles, statues, lawn sculptures, lawn furnishings, artificial plants, rock gardens, rock walls, bird houses or other fixtures and accessories shall be placed or installed within the front or side yards of any Lot or Dwelling or which would be visible from the Golf Club Property or Hugh Daniel Drive.

(d) No vegetable, herb or similar gardens or plants shall be planted or maintained in the front or side yards of any Lot or Dwelling or in the rear (back) yard of any Lot or Dwelling if the same would be visible from any street.

(e) The ARC may from time to time promulgate rules and regulations adopting an approved list of plant life which may be utilized on any Lot or Dwelling, which rules and regulations may also prescribe that a minimum dollar amount be established and utilized as the landscaping budget for each Lot or Dwelling.

(f) No Owner shall allow the grass on his Lot or Dwelling to grow to a height in excess of six (6) inches, measured from the surface of the ground.

(g) Seasonal or holiday decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be promptly removed from each Lot or Dwelling as soon as such holiday passes.

6.10 Roofing.

(a) The ARC shall have the right to establish specific requirements for the pitch of any roof and the type of roofing materials which may be utilized for any Dwelling.

(b) No solar or other energy collection panel, equipment or device shall be installed or maintained on any Lot or Dwelling, including, without limitation, the roof of any Dwelling if the same would be visible from any street, the Golf Club Property or Hugh Daniel Drive.

(c) No plumbing or heating vents, stacks and other projections of any nature shall be placed on the roof on the front of a Dwelling. All such vents, stacks and any other projections from the roof of any Dwelling shall be located on the rear roof of such Dwelling and shall (i) be painted the same color as the roofing material used for such Dwelling and (ii) to the greatest extent practicable, not be visible from any street, the Golf Club Property or Hugh Daniel Drive.

(d) No projections of any type shall be placed or permitted to remain above the roof of any Dwelling except for approved chimneys and vent stacks.

6.11 Exterior Lighting. All exterior lighting for any Dwelling, including, without limitation, free standing lighting and utility (e.g., flood) lights attached to a Dwelling, must be approved by the ARC.

6.12 Exterior Materials and Finishes.

(a) Approved exterior building material finishes for any Dwelling shall include brick, stone, stucco, synthetic plaster (e.g., dryvit), solid wood siding (e.g., cypress or other solid wood) and such other materials as may be approved by the ARC. The use of siding in combination with brick, stone, stucco or synthetic plaster (e.g., dryvit) shall not be utilized on the front of any Dwelling and shall otherwise be limited to the greatest extent possible. All wood surfaces utilized on the exterior of any Dwelling shall be painted; stained wood shall not be authorized; provided, however, that the foregoing shall not be deemed to require decks on the rear of a Dwelling to be painted nor shall the foregoing be deemed to prohibit the staining of doors. Prohibited exterior finish materials shall include particle board, plywood, vinyl or any other type of pressed, laminated or fabricated siding, vertical siding, simulated brick or stone and any other materials as the ARC may from time to time determine.

(b) All brick, stonework and mortar, as to type, size, color and application, must be approved by the ARC. No black grout (mortar) shall be utilized for any exterior brick or stone. All exterior colors, including, without limitation, the color of all roof shingles, brick, stone, stucco, synthetic plaster (e.g. dryvit), wood, trim, cornices, eaves, railings, doors and shutters shall be subject to ARC approval.

(c) No wooden steps, stoops or porches shall be allowed on the front or sides of any Dwellings. Concrete steps, stoops or porches must be finished in tile, brick or stone.

(d) No concrete, concrete block or cinder block shall be used as an exposed building surface; any concrete, concrete block or cinder block utilized in the construction of a Dwelling or for retaining walls and foundations shall be finished in the same materials utilized for the remainder of the Dwelling (e.g., brick, stone, stucco, etc.).

(e) Metal flashing, valleys, vents and gutters installed on a Dwelling shall be painted to blend with the color of the exterior materials to which it is adhered or installed.

6.13 Chimneys. The exterior of all chimneys shall be constructed of either brick, stone, stucco or synthetic plaster (e.g. dryvit). No cantilevered chimneys or chimneys with siding shall be permitted. If a fireplace utilizes a metal spark arrestor or other metal venting apparatus at the top of the chimney, then a painted metal cowl or surround shall be installed atop the chimney. All metal or other materials placed on top of or around a chimney shall be painted to blend with the color of the roofing material used for such Dwelling.

6.14 Garages.

(a) Each Dwelling, shall provide for parking for at least two (2) automobiles in garages equipped with garage doors. Carports shall not be permitted.

(b) No garage doors shall open onto or front a street or open onto Hugh Daniel Drive or the Golf Club Property. Garage doors shall be constructed of such materials as are approved by the ARC. Garage doors shall be kept closed at all times except when in use. No garage shall be converted to any use other than for the parking of vehicles therein without the approval of the ARC.

(c) All automobiles owned or used by the Owner or Occupant of any Dwelling and their respective family members shall be parked in garages to the extent garage space is available. Garages shall not be used for storage or for any other purposes or uses which would result in the garage being unavailable for the parking of vehicles therein.

6.15 Fences. No chain link, vinyl coated or wire fences shall be permitted within the Development except with regard to maintenance areas within the Common Areas, tennis courts approved by the ARC and those fences erected by Developer. No fences shall be allowed in front yards. Electric fences shall not be permitted. The type of materials utilized for (including the color thereof) and the location of all fences must be approved by the ARC.

6.16 Windows, Window Treatments and Doors.

(a) Reflective glass shall not be permitted on the exterior of any Dwelling. No foil or other reflective materials shall be installed on any windows or used for sunscreens, blinds, shades or other purposes.

(b) No aluminum or metal windows shall be utilized on the front or sides of any Dwelling or be visible from Hugh Daniel Drive or the Golf Club Property. Cantilevered bay windows shall be approved by the ARC (which may require additional landscaping in front of such bay windows). Burglar bars or doors (including wrought iron doors) shall not be permitted. Screen doors shall not be used on the front or side of any Dwelling. No aluminum or metal doors with glass fronts (e.g., storm doors) shall be allowed on the front of any Dwelling or be visible from Hugh Daniel Drive or the Golf Club Property.

(c) Appropriate window treatments shall be used on all windows. Sheets, bed linens, blankets and paper or plastic bags are not appropriate window treatments.

6.17 Mailboxes. Only one (1) mailbox shall be allowed on any Lot or Dwelling. All mailboxes shall be of the type, design, color and location as may be established by the ARC. Mailboxes shall contain only the house number of the Lot or Dwelling as approved by the ARC, but no further inscription, paintings, ornaments or artistry shall be allowed. In lieu of mailboxes, the Association may provide within any of the Common Areas a kiosk or community mail center.

6.18 Utility Meters and HVAC Equipment. All electrical, gas, telephone and cable television meters shall be located at the rear of all Dwellings. All exterior heating, ventilating and air conditioning compressor units and equipment shall be located, to the extent practicable, at the

rear of a Dwelling and, if the same are visible from the street, Hugh Daniel Drive or the Golf Club Property, such compressor units and equipment shall be screened from view by either walls or landscaping to be approved by the ARC. No window mounted heating or air conditioning units or window fans shall be permitted.

6.19 Satellite Dishes and Antennae. No satellite dishes shall be allowed on any Lot or Dwelling. No radio antenna, radio receiver or other similar device or aerial shall be attached to or installed on any Lot or Dwelling or any other portion of the Development unless the same is contained entirely within the interior of a building or other structure, is not visible from any street, adjacent Lot or Dwelling, Hugh Daniel Drive or the Golf Club Property and is approved by the ARC. No radio or television signals or any other form of electromagnetic radiation or transmission shall be permitted to originate from any Lot or Dwelling which may interfere with the reception of radio or television signals within the Development; provided, however, that Developer shall not be prohibited from installing and operating any equipment necessary for master antenna, cable television, security, mobile radio, cellular telephone or similar systems within the Development.

6.20 Driveways and Sidewalks. All driveways and sidewalks for each Lot or Dwelling shall be constructed of concrete. Other materials (e.g., brick) may be used but only if approved by the ARC. All driveways and sidewalks shall be paved; chert, gravel and loose stone driveways and sidewalks are prohibited. No driveways for a Lot or Dwelling shall connect directly to Hugh Daniel Drive; provided, however, that the foregoing shall not be applicable to any of the private or public roadways within the Development or any of the roadways within the Development which may constitute Common Areas. No portion of any Lot or Dwelling and no street or roadway constructed within the boundary lines of any Lot may be utilized to provide access, ingress to or egress from any property lying outside of the boundaries of the Property without Developer's prior written approval; provided, however, that the foregoing shall not be deemed to restrict or prohibit Developer from adding Additional Property to the Development.

6.21 Outdoor Furniture, Recreational Facilities and Clotheslines.

(a) No furniture shall be placed, kept, installed, maintained or located in or on the front or side yards or areas of a Lot or Dwelling or be visible from Hugh Daniel Drive or the Golf Club Property.

(b) Wood piles shall be located only at the rear of a Dwelling and shall be screened by appropriate landscaping from view from streets, Hugh Daniel Drive and the Golf Club Property and, to the greatest extent practicable, from adjacent Lots and Dwellings.

(c) Children's toys, swing sets, jungle gyms, trampolines and other outdoor and recreational equipment and appurtenances shall be allowed only at the rear or behind a Dwelling and shall, to the greatest extent practicable, be located so that the same are not visible from any street, Hugh Daniel Drive and the Golf Club Property.

(d) Free-standing playhouses and treehouses shall be permitted but only after ARC approval of the same.

(e) Basketball backboards shall be located so as not to be visible from any street, and shall otherwise be located on such Lot or Dwelling in a location approved by the ARC. Basketball goal backboards should be of clear plexiglas or acrylic.

(f) Outside clotheslines or other outside facilities for drying or airing clothes shall be prohibited on any Lot or Dwelling unless such clotheslines or other facilities are screened by appropriate landscaping from view from any street, Hugh Daniel Drive, the Golf Club Property and from any adjacent Lot or Dwelling. No clothing, rugs or other items shall be hung, placed or allowed to remain on any railing, fence or wall.

(g) Barbecue grills or other types of outdoor cooking equipment and apparatus shall be located only at the rear of a Dwelling and, to the greatest extent practicable, shall not be visible from any street, Hugh Daniel Drive or the Golf Club Property.

(h) Bird feeders, wood carvings, plaques and other types of homecrafts shall not be permitted in the front or side yards of any Lot or Dwelling nor shall any of the foregoing items be attached to the front or side of any Dwelling. All bird feeders, wood carvings, plaques and other types of homecrafts shall be located only at the rear of a Dwelling and shall not be visible from any street, Hugh Daniel Drive or the Golf Club Property.

6.22 Pets and Animals. No animals, livestock, birds or poultry of any kind shall be kept, raised or bred by any Owner upon any Lot, Dwelling or other portion of the Development; provided, however, that not more than two (2) dogs or cats (or a combination of one dog and one cat) may be kept and maintained on a Lot so long as they are not kept for breeding or commercial purposes. No pet shall be allowed to

make an unreasonable amount of noise or become a nuisance. No structure or area for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Common Areas; all such structures or areas shall be located at the rear of a Dwelling, shall not be visible from any street, Hugh Daniel Drive or the Golf Club Property and shall be constructed of materials and of a size approved by the ARC. Dogs and cats shall not be allowed to roam unattended within the Development; all dogs shall be kept and maintained within fenced or walled areas on a Lot or Dwelling, as approved by the ARC, or otherwise under leash. Pets shall not be permitted to leave excrement on the Lot or Dwelling of any other Owner or within any street or any portion of the Common Areas and the Owner of such pet shall immediately remove the same. Each Owner shall be liable to the Association for the costs of repairing any damage to the Common Areas caused by the pet of such Owner or Occupant. The Board shall have the right from time to time to promulgate rules and regulations governing the keeping the pets within the Development, including the right to assess fines for violations of such rules and regulations.

6.23 Trash, Rubbish and Nuisances.

(a) No trash, garbage, rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Development nor shall any nuisance or odors be permitted to exist or operate upon or arise from any Lot or Dwelling which would render any portion thereof unsanitary, unsightly, offensive or detrimental to persons using, occupying or owning any other Lots or Dwellings within the Development. Noxious or offensive activities shall not be carried on in or from any Lot, Dwelling or in any part of the Common Areas, and each Owner and Occupant shall refrain from any act or use of a Lot or Dwelling which could cause disorderly, unsightly or unkept conditions, result in the cancellation of or increase in insurance coverage or premiums for any portion of the Development or be in violation of any law, statute, ordinance, rule, regulation or requirement of any Governmental Authority. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, other than security and fire alarm devices used exclusively for such purposes, shall be located, used or placed upon any Lot, Dwelling or other portion of the Development. Any Owner or Occupant or any of the respective family members; guests, invitees, servants, agents, employees or contractors of such Owner or Occupant who dumps, places or allows trash or debris to accumulate on his Lot, Dwelling or on any other portion of the Development or Hugh Daniel Drive shall be liable to the Association for all costs incurred by the Association to remove the same.

(b) Trash, garbage and any other refuse or waste shall not be kept on any Lot or Dwelling except in sanitary containers or garbage compactor units. Trash cans and containers shall at all times be kept at the rear of or inside a Dwelling and shall be screened from view from streets, Hugh Daniel Drive, the Golf Club Property and adjacent Lots and Dwellings by appropriate landscaping or fencing approved by the ARC; provided, however, that trash cans and containers can be moved to the side yard of any Dwelling on trash collection days.

(c) Except as otherwise provided in Section 6.28(a) below, no outdoor burning of trash, garbage, leaves, wood, shrubbery or other materials shall be permitted on any Lot, Dwelling or other portion of the Development.

6.24 Recreational Vehicles and Machinery and Equipment.

(a) Mobile homes, motor homes, trailers of any kind, campers, vans, motorcycles, bicycles, motorized carts and all-terrain vehicles, lawnmowers, tractors, tools, construction machinery and equipment of any nature, golf carts, boats and any other type of watercraft, including boat trailers, and any other similar types of vehicles, machinery or equipment shall not be permitted, stored or allowed to remain on any Lot or Dwelling unless the same is placed, stored and maintained within a wholly-enclosed structure, with roofing and doors, on such Lot or Dwelling. Any such enclosed structure must be approved by the ARC. The Common Areas shall not, unless expressly permitted by the Association, be utilized for the parking or storage of any of the foregoing vehicles, recreational vehicles, machinery or equipment.

(b) Each Lot or Dwelling shall provide for adequate off-street parking (i.e., parking areas located solely within the property lines of such Lot or Dwelling). Vehicles shall be parked only in driveways constructed in accordance with the provisions of Section 6.20 above or in garages constructed in accordance with the provisions of Section 6.14 above. Vehicles shall not be parked on any landscaped or natural areas of a Lot or Dwelling.

(c) Any vehicle which is inoperable shall be immediately removed from the Development. No Owner or Occupant shall repair or restore any vehicle, machinery or equipment of any kind upon or within any Lot or Dwelling or within any portion of the Common Areas, except (i) within enclosed garages or workshops or (ii) for emergency repairs and then only to the extent necessary to enable the immediate movement thereof to a proper repair facility located outside of the Development.

(d) The Board shall have the right at any time and from time to time to adopt rules and regulations with respect to the keeping, storage, parking, operation, use or maintenance of, mobile homes, tractors, equipment, machinery, trailers (with or without wheels), motorhomes, trucks (other than pick-up trucks), commercial vehicles of any type, campers, motorized campers or trailers, boats or other watercraft, boat trailers, motorcycles, motorized bicycles, all-terrain vehicles, motorized go-carts and other forms of transportation.

6.25 Signage. No signs or advertising posters of any kind shall be maintained or permitted within any windows or on the exterior of any Lot or Dwelling or elsewhere on any portion of the Property without the express written permission of the ARC. The approval of any signs and posters, including, without limitation, political campaign signs and name and address signs, shall be upon such conditions as may from time to time be determined by the ARC. Notwithstanding the foregoing, (a) the restrictions set forth in this Section 6.25 shall not be applicable to Developer or to any signs erected pursuant to Section 6.28(c) below and (b) Developer and the Association shall have the right, but not the obligation, to erect and maintain reasonable and appropriate signs on any portions of the Common Areas and within those easement areas established in Section 3.07 above.

6.26 Above Ground Tanks and Wells. No exposed above-ground tanks for the storage of fuel, water or any other substances shall be located on any Lot or Dwelling or within any of the Common Areas. No private water wells may be drilled or maintained and no septic tanks or similar sewage facilities may be installed or maintained on any Lot or Dwelling except for wells maintained solely for irrigation purposes. All such irrigation wells must be approved in writing by the ARC prior to the installation of the same.

6.27 Temporary Structures. No temporary house, trailer, shack, tent, barn, shed, stable, poultry house or yard, rabbit hut, treehouse or other outbuilding or structure of any kind, shall be permitted, constructed, installed or allowed to remain on any Lot or Dwelling; provided, however, that the foregoing shall not be deemed to prohibit (a) temporary structures for social functions as may be permitted by the rules and regulations of the Board of the Association, (b) any detached garages or other structures which are approved in writing by the ARC, (c) dog houses for not more than two (2) dogs so long as such dog houses are visibly screened from view from all streets, Hugh Daniel Drive and the Golf Club Property and adjacent Lots and Dwellings and (d) construction trailers and/or sales offices erected or placed on any part of the Property by Developer pursuant to Section 5.12 above.

6.28 Construction of Improvements.

(a) During the construction of any Improvements or Dwelling, (i) all Lots and Dwellings shall be maintained in a clean condition, free of debris and waste material, (ii) all unused construction materials shall be stored, to the greatest extent practicable, out of view from any street, Hugh Daniel Drive or the Golf Club Property and (iii) all construction trash, debris and rubbish on each Lot shall be properly disposed of outside the Development at least weekly. Used construction materials may be burned on-site so long as such burning is conducted at the rear of such Lot or Dwelling and does not create a nuisance to other Owners or violate the laws, ordinances, codes, statutes, rules or regulations of any applicable Governmental Authority; in no event, however, shall any used construction materials be buried on or beneath any Lot, Dwelling or any other portion of the Development. No Owner shall allow dirt, mud, gravel or other substances to collect or remain on any street, including, specifically, Hugh Daniel Drive. Each Owner and each Owner's contractor, subcontractors, laborers and suppliers shall cause all such dirt, mud, gravel and other substances to be removed from the treads and wheels of all vehicles used in or related to the construction of Improvements on a Lot or Dwelling prior to such vehicles traveling on any streets within the Development or on Hugh Daniel Drive.

(b) During the construction of any Improvements or Dwellings, construction equipment and the vehicles of all contractors, subcontractors, laborers, materialmen and suppliers shall (i) utilize off-street parking only, (ii) enter the Lot or Dwelling on which such Improvements are being constructed only from the driveway for such Lot or Dwelling and (iii) not damage trees or other vegetation on such Lot which, pursuant to the provisions of Section 6.06 above, are to be preserved.

(c) Up to two (2) signs, in size and color to be approved by the ARC, may be posted on a Lot at a height not to exceed five (5) feet from the ground level advertising the Lot or the Dwelling thereon for sale or, during the construction of such Dwelling, containing information identifying the builder of such Dwelling. No other signage, banners, flags or advertising posters shall be allowed without obtaining ARC approval. The location of such signage shall be established by the ARC but in no event shall any signage authorized by this Section 6.28 or which may be approved by the ARC be attached, nailed or otherwise adhered to any tree or other plant life on a Lot or Dwelling.

(d) No construction trucks, equipment or machinery, including any trailers used for the transportation of construction equipment or machinery, shall be parked overnight on any streets or roads within the Development or on Hugh Daniel Drive. Upon completion of construction of any Improvements or any Dwelling, all construction machinery, tools and equipment, all unused construction materials and all trash, debris and rubbish shall be immediately removed from the Lot or Dwelling and such Lot or Dwelling shall be kept and maintained in a clean and uncluttered condition.

(e) All Dwellings and any other Improvements shall be constructed in compliance with all applicable federal, state, county and local laws, ordinances, rules, regulations and zoning and building code requirements. Each Owner shall be solely responsible for obtaining from the appropriate Governmental Authorities all necessary permits and licenses and otherwise paying all required fees for the construction of any Improvements on such Owner's Lot. Each Owner shall also be responsible for strict compliance with all applicable watershed protection, soil erosion and other governmental requirements, both during and after completion of construction of any Improvements on such Owner's Lot.

(f) Developer, for itself and its successors and assigns, does hereby reserve the right to restrict (i) for a period of one (1) month prior to any major golf tournament sanctioned or sponsored by the PGA, the Senior PGA, LPGA or USGA ("Major Tournament") to be held at or on the Golf Club Property or any other golf or country club in the area which may utilize Hugh Daniel Drive for access purposes, any construction activities in, upon or adjacent to Hugh Daniel Drive involving the construction or installation of curb cuts, paving, curb and gutters, storm drainage, utilities or any other construction activities which, in Developer's reasonable opinion, would adversely affect access to Hugh Daniel Drive and (ii) during the week of any Major Tournament, any construction activities on any portion of any Lot or Dwelling if, in Developer's reasonable opinion, such construction activities would interfere with any Major Tournament or create a possible nuisance (either by virtue of noise, number of vehicles or equipment) entering Hugh Daniel Drive or number of persons coming onto such Lot or Dwelling. Each Owner, by acceptance of a deed to any Lot or Dwelling, hereby covenants and agrees to abide by all such restrictions on construction activities on or within any portion of such Owner's Lot or Dwelling as specified by Developer, its successors or assigns in any written notice given to such Owner at least sixty (60) days prior to any Major Tournament.

6.29 Subdivision and Interval Ownership. No Lot may be subdivided or resubdivided without the prior written approval of the ARC; provided, however, that the provisions of this Section 6.29 shall not be applicable to Developer. No Lot or Dwelling shall be sold or owned under any time-sharing, time-interval or similar right-to-use programs.

6.30 Swimming Pools and Tennis Courts. Swimming pools, outdoor hot tubs, reflecting ponds, saunas, whirlpools, lap pools and tennis courts may be constructed, installed and maintained on any Lot or Dwelling subject to the prior written approval of the plans for the same by the ARC. Above-ground pools shall not be permitted. The ARC shall have the right to adopt further rules and regulations governing the construction of swimming pools, other outdoor water features or amenities and tennis courts within the Development.

6.31 Security Systems. In the event that either Developer or the Association shall install a central security system within the Development with the capability of providing security services to each Dwelling within the Development, then no Owner shall be entitled to install or maintain any alternative security systems within a Dwelling, other than security systems which are appurtenant to and connected with such central security system, without first obtaining the prior written approval of the same from the Board of the Association, which approval may be given or withheld in the sole discretion of the Board; provided, however, that nothing contained herein shall be construed to obligate either Developer or the Association to install such a central security system, and, provided, further, in the event any such security system is installed, neither Developer nor the Association shall have any responsibility to prevent, and shall not be liable for, any loss or losses due to theft, burglary or damage or any injury to persons or property caused by persons gaining access to the Development.

6.32 Traffic Regulations. All vehicular traffic on the private streets and roads in the Development shall be subject to the applicable provisions of the laws of the State of Alabama and any other city or county having jurisdiction thereof concerning operation of motor vehicles on public streets. The Board of the Association is hereby authorized to promulgate, administer, and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including adopting reasonable safety measures and speed limits for any of the private roads within any portion of the Development. The Board of the Association shall be entitled to enforce such rules and regulations by establishing such enforcement procedures as it deems appropriate, including levying fines for the violation thereof. In the event of any

conflict between the provisions of the laws of the State of Alabama and the traffic rules and regulations promulgated by the Association, the more stringent rules and regulations shall govern. Only drivers licensed to operate motor vehicles by the State of Alabama or by any other state in the United States may operate any type of motor vehicle within the Development. All vehicles of any kind and nature which are operated on the streets in the Development shall be operated in a careful, prudent, safe and quiet manner, with due consideration for the rights of all residents of the Development.

6.33 Lake Restrictions.

(a) No Improvements of any kind or nature shall be built, erected, maintained or placed on or about any of the Lakes or within twenty-five (25) feet of any Lake unless and until the plans and specifications for the same have been submitted to, reviewed and approved by the ARC.

(b) No boating, skiing or swimming shall be allowed on, from or in any of the Lakes. Notwithstanding the foregoing, the Association, its successors and assigns shall have the right to utilize electric or gasoline powered watercraft on any of the Lakes in performing any maintenance activities thereon. Fishing shall be authorized in or upon any Lakes; provided, however, that the Board of the Association may, in its sole discretion, adopt and implement rules and regulations which limit or prohibit fishing from any of the Lakes.

(c) THE OWNER OF ANY LOT OR DWELLING ABUTTING ANY LAKE, FOR ITSELF, ANY OCCUPANT OF SUCH LOT OR DWELLING AND THEIR RESPECTIVE HEIRS, EXECUTORS, PERSONAL REPRESENTATIVES, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, BY ACCEPTANCE OF A DEED TO SUCH LOT OR DWELLING, AND EACH MORTGAGEE, BY ACCEPTANCE OF A MORTGAGE ENCUMBERING ANY SUCH LOT OR DWELLING, FOR THEMSELVES AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, DO HEREBY WAIVE ALL CLAIMS AGAINST AND RELEASE DEVELOPER, THE ASSOCIATION, THE ARC AND EACH GOVERNMENTAL AUTHORITY, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, FROM AND AGAINST ANY AND ALL LIABILITY OF ANY NATURE ARISING OUT OF OR ON ACCOUNT OF LOSS, DAMAGE OR INJURY TO PERSON OR PROPERTY, INCLUDING DEATH, AS A RESULT OF ANY ENTRY ONTO THE LAKES BY ANY OWNER, OCCUPANT OR MORTGAGEE, THE RISE AND FALL OF THE WATER LEVEL OF ANY LAKE INCLUDING, WITHOUT LIMITATION, THE FLOW OF WATER ONTO AND OUT OF THE LAKES WHICH COULD RESULT IN OR CAUSE DAMAGE, BY FLOODING OR OTHERWISE, TO ANY IMPROVEMENTS OR ANY OTHER PERSONAL PROPERTY SITUATED ON ANY PORTION

OF THE LAKES OR WHICH WOULD RESULT IN OR CAUSE ANY IMPROVEMENTS TO BE UNUSABLE DUE TO LOW WATER LEVELS. FURTHERMORE, THE OWNER OF EACH LOT AND DWELLING ABUTTING ANY LAKE, FOR ITSELF AND ANY OCCUPANTS OF SUCH LOT OR DWELLING AND ANY IMPROVEMENTS THERETO, DOES HEREBY ACKNOWLEDGE AND AGREE THAT (i) NEITHER DEVELOPER, THE ASSOCIATION, THE ARC, ANY GOVERNMENTAL AUTHORITY NOR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS AND ASSIGNS SHALL PROVIDE ANY LIFE GUARD OR ANY OTHER SUPERVISORY PERSONNEL OR ASSISTANCE IN THE CONDUCT OF ANY ACTIVITIES ON OR ABOUT THE LAKES, (ii) THE USE OF THE LAKES BY ANY OWNER OR OCCUPANT OF ANY PORTION OF THE DEVELOPMENT OR THEIR RESPECTIVE HEIRS, EXECUTORS, PERSONAL REPRESENTATIVES, ADMINISTRATORS, SUCCESSORS AND ASSIGNS, SHALL BE AT THE SOLE RISK AND EXPENSE OF THE PERSON OR ENTITY USING THE LAKES AND (iii) NEITHER DEVELOPER, THE ASSOCIATION, THE ARC, ANY GOVERNMENTAL AUTHORITY NOR ANY OF THEIR RESPECTIVE AGENTS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS OR ASSIGNS, SHALL BE OBLIGATED TO TAKE ANY ACTION TO MAINTAIN A SPECIFIC WATER LEVEL FOR ANY OF THE LAKES.

6.34 Compliance with Governmental Regulations. Each Owner and Occupant shall at all times comply with all applicable laws, ordinances, statutes, rules, regulations, requirements and code provisions of the Governmental Authorities.

6.35 Additional Regulations. In addition to the restrictions set forth in this Declaration, the Board of the Association shall have the right from time to time and at any time to adopt, modify and amend such rules and regulations as the Board, in its sole discretion, determines to be in the best interests of all Owners, which rules and regulations shall be binding on all Owners, Lots and Dwellings.

6.36 Variances. The ARC, in its sole and absolute discretion, shall have the exclusive right to grant variances with respect to the provisions of Article V above and this Article VI with respect to any Lot or Dwelling. Any variance request submitted to the ARC shall be in writing and, upon approval of the same by the ARC, shall be evidenced by a written variance executed by either the chairman or vice chairman of the ARC. The provisions of Section 5.03 above concerning meetings, a quorum of members and the number of votes necessary to approve action taken by the ARC shall be binding upon the ARC in any matters regarding the granting of variances.

6.37 Enforcement and Remedies. In the event any of the provisions of this Article VI are breached or are not otherwise being complied with in all aspects by any Owner or

Occupant or the respective family members, guests, invitees, agents, employees or contractors of any Owner or Occupant, then the Association or the ARC shall each have the right, at their option, to (a) enjoin such violation or noncompliance and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to extinguish or correct such violation or breach. All costs and expenses incurred by the ARC or the Association in enforcing any of the provisions of this Article VI, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of any noncompliance or the removal of such violation or in any judicial proceeding, together with any other costs or expenses incurred by the ARC or the Association in connection therewith, shall be paid by such Owner who has violated or breached any of the provisions of this Article VI, shall constitute an individual Assessment to such Owner pursuant to Section 8.06 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 8.09 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the rights and remedies of the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies which the ARC or the Association may exercise at law or in equity or any of the enforcement rights specified in Sections 5.13, 6.22, 6.32, 7.02(b), 8.06 and 8.09.

ARTICLE VII

MAINTENANCE RESPONSIBILITIES

7.01 Responsibilities of Owners.

(a) The maintenance and repair of all Lots, Dwellings, all other Improvements situated thereon or therein and all lawns, landscaping and grounds on or within a Lot or Dwelling shall be the responsibility of the Owner of such Lot or Dwelling. Each Owner shall be responsible for maintaining his Lot and Dwelling, in a neat, clean and sanitary condition, both inside and outside of any Dwellings or Improvements thereto. Such responsibilities shall include, without limitation, maintaining at all times appropriate paint and stain finishes on all Dwellings and other Improvements and reroofing or replacing roofing shingles when the same become worn or would be replaced by a prudent Owner. No exterior changes, alterations or Improvements shall be made to any Lot or Dwelling without first obtaining the prior written approval of the same from the ARC.

(b) Each Lot or Dwelling shall be landscaped in accordance with plans and specifications submitted to and approved by the ARC pursuant to Section 5.06 above. All areas of any Lot or Dwelling which are not improved by the construction of a Dwelling thereon (except for the natural, undisturbed Buffer Area on any Lot) shall at all times be maintained by the Owner, in a fully and well-kept landscaped condition utilizing ground cover and/or shrubbery and trees. The maintenance obligations set forth in this Section 7.01(b) shall be binding on the Owner of each Lot or Dwelling at all times, either prior, during or after the construction of any Improvements thereon. Except in the Buffer Area, grass, hedges, shrubs, vines and any other vegetation of any type on any Lot shall be cut and trimmed at regular intervals at all times in order to maintain the same in a neat, safe and attractive condition. Trees, shrubs, vines, plants and other vegetation which die shall be promptly removed and replaced with living plants of like kind and quantity. Dead vegetation, stumps, weeds, rubbish, debris, garbage and waste material shall be promptly removed from any Lot or Dwelling and properly disposed of outside of the Development. The ARC may from time to time adopt rules and regulations governing the maintenance, upkeep, planting and replanting of trees, shrubbery and other vegetation within the Buffer Area of each Lot or Dwelling.

(c) No Owner shall (i) decorate, change or otherwise alter the appearance of any portion of the exterior of a Dwelling or the landscaping, grounds or other improvements within a Lot unless such decoration, change or alteration is first approved, in writing, by the ARC as provided in Sections 5.05 and 5.06 above or (ii) do any work which, in the opinion of the ARC, would jeopardize the soundness and safety of the Development, reduce the value thereof or impair any easement or hereditament thereto, without in every such case obtaining the prior written approval of the ARC.

7.02 Responsibilities of Association.

(a) Except as may be otherwise provided herein to the contrary, the Association shall, to the extent it has received sufficient sums from the Owners through Assessments, maintain and keep in good repair and condition all portions of the Common Areas, which responsibility shall include the maintenance, repair and replacement of (i) all private streets and roads within the Development, walks, trails, paths, walkways, bicycle and jogging paths and lanes, parking lots, landscaped areas, recreational areas and other Improvements made by Developer or the Association within any of the Common Areas or within any of the easements encumbering

the Lots or Dwellings as provided in Article III above, (ii) such security systems, guardhouses, entrance gates and utility lines, pipes, plumbing, wires, conduits and related systems, appurtenances, equipment and machinery which are a part of the Common Areas and which are not maintained by a public authority, public service district, public or private utility, or other person and (iii) all lawns, trees, shrubs, hedges, grass and other landscaping and all Lakes situated within or upon the Common Areas and implementing and maintaining all siltation, soil erosion and sedimentation programs and otherwise dredging, cleaning and maintaining the Lakes and all siltation ponds and appurtenances thereto as may be necessary or otherwise required by any Governmental Authorities. The Association shall not be liable for injuries or damage to any person or property (1) caused by the elements, acts of God or any Owner or other person, (2) resulting from any surface or subsurface conditions which may at any time affect any portion of the Property caused by rain or other surface water which may leak or flow from any portion of the Common Area onto a Lot or Dwelling or (3) resulting from thief, burglary or other illegal entry into the Development, any Lot or Dwelling thereof. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken by or performed by the Association hereunder or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association or from any action taken by the Association to comply with any requirements of the Governmental Authorities.

(b) In the event that the Board of the Association determines that (i) any Owner has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair or replacement of items for which he or it is responsible hereunder or (ii) any maintenance, cleaning, repair or replacement for which the Association is responsible hereunder is caused by the willful or negligent act of an Owner or Occupant, or their respective family members, guests, servants, employees, invitees or contractors, and the costs of such maintenance, cleaning, repair or replacement are not paid in full from insurance proceeds, if any, received by the Association with respect thereto, then, in either event, the Association, in addition to the exercise of any of the rights and remedies set forth in this Declaration, may give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair or replacement, at the sole cost and expense of such Owner, and setting forth in reasonable detail what action is deemed necessary. Except in the event of emergency situations, such Owner shall have fifteen (15) days within which to complete the same in a good and workmanlike manner or, if the same is not capable of

completion within such fifteen (15) day period, to commence such maintenance, cleaning, repair or replacement and to proceed diligently with the completion of the same in a good and workmanlike manner. In the event of emergency situations or the failure by any Owner to comply with the provisions hereof after such notice, the Association may provide (but shall not be obligated to provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner, and said cost shall be a personal obligation of such Owner, shall constitute an individual Assessment to such Owner and shall be subject to the lien and foreclosure rights granted pursuant to Section 8.09 below.

ARTICLE VIII

COMMON AREA ASSESSMENTS

8.01 Assessments and Creation of Lien. Each Owner of a Lot or Dwelling, by acceptance of a deed or other instrument conveying any interest therein, regardless of whether such deed or instrument contains a reference to this Declaration, is hereby deemed to covenant and agree to pay to the Association: (a) annual Assessments, as established and to be collected as provided in Section 8.03 below, (b) Annual Hugh Daniel Drive Assessments, as established and to be collected as provided in Section 8.04 below, (c) special Assessments, to be established and collected as provided in Section 8.05 below, and (d) individual Assessments against any particular Lot or Dwelling which are established or assessed pursuant to the terms of this Declaration, including, but not limited to, any fines as may be levied or imposed against such Lot or Dwelling in accordance with the provisions of Sections 5.13, 6.22, 6.32, 6.37, 7.02(b) and 8.09 hereof. All Assessments, together with late charges and interest as provided in Section 8.09(a) below, and all court costs and attorneys' fees incurred by the Association to enforce or collect such Assessments, shall be an equitable charge and a continuing lien upon each Lot or Dwelling for which the Owner thereof is responsible for the payment of the same, which lien may be enforced in the manner provided in Section 8.09(c) below. Each Owner shall be personally liable for the payment of all Assessments coming due while he is the Owner of a Lot or Dwelling and his grantee shall take title to such Lot or Dwelling subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee to the Association which were the legal obligations of the grantor. All Assessments, together with late charges and interest at the Applicable Rate, as specified in Section 8.09(a) below, court costs and attorneys' fees incurred with respect thereto by the Association, shall also be a personal obligation of the person who was the Owner of the Lot or Dwelling at the time

such Assessments and other costs and charges were assessed or incurred. In the event of co-ownership of any Lot or Dwelling, all of the co-Owners shall be jointly and severally liable for the entire amount of such Assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of the Association. All Assessments shall be payable in all events without offset, diminution or abatement by reason of fire or other casualty or any taking as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof with respect to any Lot, Dwelling, Common Area or any other portion of the Development or any other cause or reason of any nature.

8.02 Uniform Rate of Assessments.

(a) Both annual and special Assessments, as described in Sections 8.03 and 8.05 below, respectively, shall be assessed against each Lot or Dwelling in the Development at a uniform rate, with the Owner of each Lot or Dwelling being required to pay his prorata portion of such annual and/or special Assessments, as determined by a fraction, the numerator of which shall be the total Lots or Dwellings owned by such Owner and the denominator of which shall be the total number of Lots and Dwellings in the Development at the time such annual or special Assessment is levied. Each Lot and Dwelling shall be subject to equal annual and special Assessments.

(b) Notwithstanding anything provided in Section 8.02(a) above to the contrary, in the event any Additional Property is added to the Development, then the Lots and/or Dwellings within the Additional Property shall be subject to the same annual or special Assessments then being paid by the Owners of all other Lots and Dwellings in the Development, subject to proration for the actual number of days remaining in the year in which such Additional Property was added to the Development.

8.03 Computation of Annual Assessments.

(a) The Board of the Association shall determine and approve annually an annual budget covering the estimated Common Expenses for the Development for the upcoming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The amount set forth in such budget shall constitute the aggregate amount of annual Assessments for the then applicable year and each Owner shall pay his prorata share of the same as provided in Section 8.02 above. A copy of the budget setting forth the amount of annual Assessments to be levied against the Lots and Dwellings for the following year shall be delivered to each Owner.

(b) The budget and the amount of Annual Assessments determined by the Board each year shall be binding on each Lot and Dwelling and the Owner thereof and shall be payable by each Owner as provided in Sections 8.01 and 8.02 above. In the event the Board fails for any reason to determine the budget for the succeeding year, then until such time as a budget has been determined and approved by the Board, the budget and Annual Assessments in effect for the immediately preceding year shall continue in full force and effect.

(c) If any budget or the amount of annual Assessments collected by the Association at any time proves to be inadequate or insufficient for any reason to fully pay all costs and expenses of the Association and all Common Expenses, then the Board may call a meeting of the Association for the purpose of approving special Assessments as provided in Section 8.05 below. If the actual amount of annual Assessments collected in any one year exceeds the actual costs incurred for Common Expenses for such year, the excess shall be retained by the Association as a reserve for subsequent years' Common Expenses.

(e) The Common Expenses to be funded by the annual Assessments may include, but shall not be limited to, the following:

(i) Salaries, fringe benefits and other compensation paid and out-of-pocket expenses reimbursed by the Association for its employees, agents, officers, members of the Board and any third party contractors;

(ii) Management fees and expenses of administration, including legal and accounting fees, incurred by the Association;

(iii) Utility charges for any utilities serving any of the Common Areas and charges for other common services for the Development, including, without limitation, trash collection and security services;

(iv) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by this Declaration, including, without limitation, fire, flood and other hazardous coverage, public liability coverage and such other insurance coverage as the Board determines to be in the best interest of the Association, including errors and omissions insurance, directors and officers liability

insurance and any other liability insurance coverage for the benefit of the Association, the members of the Board, any officers, employees, agents or representatives of the Association or for any of the members of the ARC;

(v) The expenses of maintaining, operating, repairing and replacing any portions of the Common Areas for which the Association is responsible, including, without limitation, establishing an annual reserve for the maintenance of all roads comprising Common Areas within the Development;

(vi) Expenses of maintaining, operating and repairing any other amenities and facilities serving the Development which the Board determines from time to time would be in the best interest of the Association to so maintain, operate and/or repair;

(vii) The expenses of the ARC which are not defrayed by plan review charges;

(viii) Ad valorem real and personal property taxes assessed and levied upon any of the Common Areas;

(ix) The costs and expenses for conducting recreational, culture or other related programs for the benefit of the Owners and Occupants;

(x) All other fees, costs and expenses incurred by the Association in accordance with the terms and provisions of this Declaration or which the Board, in its sole discretion, determines to be appropriate to be paid by the Association, including, without limitation, taxes and governmental charges not separately assessed against Lots or Dwellings; and

(xi) The establishment and maintenance of a reasonable reserve fund or funds (1) for inspections, maintenance, repair and replacement of any portions of the Common Areas for which the Association is responsible to inspect, maintain, repair or replace on a periodic basis, (2) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds and (3) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board.

8.04 Annual Hugh Daniel Drive Assessments.

(a) The Owner of each Lot or Dwelling within the Development shall pay to Developer or to such other person or entity designated by Developer the following sums as the agreed upon prorata share of maintenance costs payable by the Owner of each Lot or Dwelling for the maintenance, repair, landscaping, lighting, paving, repaving, restriping, trash and litter collection on or upon Hugh Daniel Drive:

(i) Commencing January 1, 1993 and on the first day of January of each year thereafter, the Owner of each Lot or Dwelling within the Development shall pay to Developer the sum of \$100.00 per Lot or Dwelling (the "Annual Hugh Daniel Drive Assessments"), which amount shall be paid in advance on the first day of each year and shall be subject to increases as provided below; and

(ii) The Annual Hugh Daniel Drive Assessments for each Lot or Dwelling shall be subject to annual increase on the first day of January of each year (commencing January, 1994) by multiplying the Hugh Daniel Drive Assessments paid for such Lot or Dwelling for the 1993 calendar year (i.e., \$100.00 per Lot or Dwelling) by a fraction, the numerator of which shall be the "CPI" (as hereinafter defined) for December of the immediately preceding year and the denominator of which shall be the "CPI" (as hereinafter defined) for January, 1993. As used herein, the term "CPI" shall mean the U.S. Consumer Price Index (All Urban Consumers, United States City Average, All Items 1982-84=100). In the event the CPI ceases to be published or no longer exists in the form specified herein, Developer shall determine a reasonable substitute equivalent official index or use appropriate conversion factors to accomplish such substitution.

(b) In no event shall the Annual Hugh Daniel Drive Assessments for any Lot or Dwelling be less than \$100.00 per year. All Annual Hugh Daniel Drive Assessments shall be utilized by Developer, its successors and assigns, for the paving, repaving, striping, restriping, landscaping, maintenance and repair of Hugh Daniel Drive, any signage and landscaping erected or installed by Developer thereon and all other costs and expenses incurred in connection with the maintenance and repair of Hugh Daniel Drive including, without limitation, mowing, landscaping, seeding, cleaning and picking up and removing trash and other litter or debris from Hugh Daniel Drive.

(c) The Association, by execution hereof, hereby covenants and agrees to assist Developer, its successors and assigns, in the collection of all Annual Hugh Daniel Drive Assessments required to be paid by the Owners of each Lot or Dwelling within the Development. The Association further acknowledges and agrees and each Owner, by acceptance of any deed to any Lot or Dwelling within the Development, agrees that in the event any Owner fails to timely pay the Annual Hugh Daniel Drive Assessments as required by Section 8.04(a) above, then the rights and remedies set forth in Section 8.09 below may be exercised by the Association against such Owner or Developer, its successors or assigns, shall have the right to exercise any of the rights and remedies of the Association set forth in Section 8.09 below.

8.05 Special Assessments. In addition to the annual Assessments authorized in Section 8.04 above and the Annual Hugh Daniel Drive Assessments established pursuant to Section 8.04 above, the Board of the Association may levy in any year special Assessments for Common Expenses or any extraordinary costs incurred by the Association; provided, however, that any such special Assessments shall be approved by a majority of the votes of the Owners who are voting in person or by proxy at the meeting called pursuant to Section 8.07 below for the purpose of adopting special Assessments. The Board may make such special Assessments payable in one lump sum or in installments over a period of time which may, in the Board's discretion, extend beyond the then fiscal year in which said special Assessments are levied and assessed. Special Assessments shall be levied against and payable by each Owner in accordance with the provisions of Section 8.02 above.

8.06 Individual Assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by any Owner or Occupant, or the respective family members, agents, guests, servants, employees, invitees or contractors of any Owner or Occupant, shall be specially assessed against such Owners and their respective Lots or Dwellings. The individual Assessments provided for in this Section 8.06 shall be levied by the Board and the amount and due date of such Assessment shall be specified by the Board in a notice to such Owner. The provisions of this Section 8.06 shall apply, without limitation, to any individual Assessments levied pursuant to Sections 5.13, 6.22, 6.32, 6.37 and 7.02(b) hereof.

8.07 Notice of Meetings and Quorum.

(a) With respect to any meeting of the members of the Association, including, without limitation, any meetings which are called for the purpose of approving special Assessments pursuant to Section 8.05 above, (a) written

notice of such meetings shall be sent to all Owners not less than ten (10) days and not more than fifty (50) days in advance of such meeting and (b) the presence in person or by proxy of Owners entitled to cast at least fifty percent (50%) of all of the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement but the required quorum at the subsequent meeting shall be the presence in person or by proxy of Owners entitled to cast at least one-third (1/3) of the total votes of the Association. At such time as a quorum is obtained, the vote of (i) a majority of the Owners who are voting in person or by proxy and (ii) Developer, to the extent Developer owns any Lot in the Development, shall be required to approve any matter submitted to the members of the Association for approval.

8.08 Developer's Obligations. For so long as Developer is the Owner of any Lot or Dwelling within the Development, Developer shall have the option to either pay Annual Assessments on those Lots or Dwellings owned by Developer or fund any deficits which may exist between the total amount of Annual Assessments assessed to and collected from all other Owners and the actual costs incurred by the Association for Common Expenses for the Development. At such time as Developer no longer has any interest in any Lot within the Development, Developer shall have no further obligation of any nature to pay any Assessments or otherwise fund any deficits relating to the Common Expenses or the Common Areas.

8.09 Effect of Non-Payment; Remedies of the Association.

(a) Each Owner of a Lot or Dwelling is and shall be deemed to covenant and agree to pay to the Association all Assessments provided for herein. In the event any Assessments or any portion thereof are not paid when due, the same shall be subject to a late charge in an amount determined and uniformly applied by the Board from time to time and the Owner of such Lot or Dwelling shall be deemed in default herewith. In the event any Assessments or any portion thereof are not paid within thirty (30) days after the due date of the same, then the unpaid portion of the Assessment shall accrue simple interest at the lesser of eighteen percent (18%) per annum or the highest rate which may be charged to said Owner by law (the "Applicable Rate") from and after the thirtieth (30th) day from the due date until the same is paid in full. In the event the Association employs an attorney or otherwise takes any legal action in attempting to collect any amounts due from any Owner, such Owner agrees to pay all attorneys' fees, court costs and all other expenses paid or incurred by the Association. The lien

and equitable charge upon each Lot or Dwelling for Assessments as provided above shall also include all late charges, interest at the Applicable Rate and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in attempting to collect any unpaid Assessments.

(b) In the event any Assessments or other amounts due to the Association are not paid by any Owner when the same comes due, then, in addition to all other rights and remedies provided at law or in equity, the Association, acting through its Board or through any of its officers or authorized representatives, may undertake any or all of the following remedies:

(i) The Association may commence and maintain a suit at law against an Owner to enforce such charges and obligations for Assessments and any such judgment rendered in any such action shall include the late charge and interest at the Applicable Rate, as specified in Section 8.09(a) above, together with attorneys' fees, court costs and all other expenses paid and incurred by the Association in collecting such unpaid Assessments; and/or

(ii) The Association may enforce the lien created pursuant to Section 8.01 above in the manner hereinafter provided.

(c) There is hereby created a continuing lien on each Lot and Dwelling, with power of sale, which secures the payment to the Association of any and all Assessments levied against or upon such Lot or Dwelling, all late charges and interest at the Applicable Rate assessed pursuant to Section 8.09(a) above and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting any Assessments. If any Assessments remain unpaid for more than sixty (60) days, then the Association, through its Board or any officer or authorized representative thereof, may, but shall not be obligated to, make written demand on such defaulting Owner, which demand shall state the date and amount of delinquency. Each default shall constitute a separate basis for a demand and claim of lien, but any number of defaults may be included in a single demand. If such delinquency is not paid in full within ten (10) days after the giving of such demand or, even without giving demand, the Association may file a claim of lien and perfect its lien against the Lot or Dwelling of such delinquent Owner, which claim shall be executed by any member of the Board of the Association or any officer of the Association, contain the following information and be recorded in the Probate Office of Shelby County, Alabama:

- (i) The name of the delinquent Owner;
- (ii) The legal description and street address of the Lot or Dwelling upon which the lien claim is made;
- (iii) The total amount claimed to be due including late charges, interest at the Applicable Rate, collection costs and attorneys' fees incurred to date and a statement, if applicable, that such charges and costs shall continue to accrue and be charged until full payment has been received; and
- (iv) A statement that the claim of lien is made by the Association pursuant to this Declaration and is claimed against such Lot or Dwelling in an amount equal to that stated therein.

The lien provided for herein shall be in favor of the Association, shall be for the benefit of all other Owners (other than those Owners in default) and may be foreclosed in the same manner as a foreclosure of a mortgage on real property under the laws of the State of Alabama, as the same may be modified or amended from time to time. The Association shall have the right and power to bid at any such foreclosure sale and to purchase, acquire, hold, lease, mortgage, convey and sell any such Lot or Dwelling. Each Owner, by acceptance of a deed to any Lot or Dwelling, shall be deemed to (1) grant to and vest in the Association and/or its agents the right and power to exercise the power of sale granted herein and foreclose the lien created herein, (2) grant to and vest in the Association and/or its agents the right and power to bring all actions against such Owner personally for the collection of all amounts due from such Owner, (3) expressly waive any objection to the enforcement and foreclosure of the lien created herein and (4) expressly waive the defense of the statute of limitations which may be applicable to the commencement of any such suit or action for foreclosure.

(d) In the event any Owner fails to timely pay any Assessments due to be paid hereunder or any Owner or Occupant or any of their respective tenants, employees, servants, agents, invitees or contractors violates any of the provisions of this Declaration, then such Owner's voting rights as a member of the Association shall be suspended for the duration of such infraction.

8.10 Subordination of Lien. Notwithstanding anything provided herein to the contrary, the lien for Assessments and other charges authorized herein with respect to any Lot or Dwelling in the Development is and shall be subordinate to the lien of any Mortgage, but only to the extent that the

Mortgage is recorded in the Probate Office of Shelby County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 8.09(c) above. When a Mortgagee exercises its foreclosure rights provided in its Mortgage and acquires title to or sells to a third party its interest in any Lot or Dwelling, then such Mortgagee or its purchaser or transferee at such foreclosure sale shall (a) not be liable for any Assessments or other charges incurred prior to the date of transfer or acquisition of title by foreclosure so long as the Mortgage was recorded in the Probate Office of Shelby County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 8.09(c) above, but (b) be liable for all Assessments and other charges levied, assessed or incurred with respect to such Lot or Dwelling from and after the date of such foreclosure sale. The foregoing shall not relieve any Owner whose Lot or Dwelling has been foreclosed from the personal obligation to pay all Assessments and any other charges levied, assessed or incurred by the Association and the Association shall have the right to pursue all rights and remedies against a defaulting Owner notwithstanding the foreclosure of a Mortgage on such Owner's Lot or Dwelling.

8.11 Certificates. The Association or any officer or authorized representative thereof shall, upon request and at such reasonable charges as may from time to time be adopted by the Board, furnish to any Owner a certificate in writing setting forth whether the Assessments for which such Owner is responsible have been paid and, if not paid, the outstanding amount due and other costs and expenses due from such Owner. Such certificate shall be conclusive evidence of payment of any Assessments stated therein.

ARTICLE IX

CASUALTY, CONDEMNATION AND INSURANCE

9.01 Damage or Destruction to Common Areas. In the event of any damage or destruction to any of the Common Areas by fire or other casualty, then, subject to the terms and provisions of this Section 9.01, the Association shall promptly repair, replace and restore the damaged portions of the Common Areas to the condition to which they existed immediately prior to such fire or other casualty. Notwithstanding anything provided in Section 9.01 to the contrary, in the event the amount of insurance proceeds, if any, recovered as a result of such damage or destruction is insufficient to fully repair, replace and restore the damaged portions of the Common Areas, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, then the Board of the Association may, subject to the provisions of Sections 8.05 and 8.07 above, levy a special Assessment against all Owners in an amount

sufficient to provide funds to pay the remaining costs necessary to repair, replace or restore the Common Areas to the condition as existed immediately prior to such fire or other casualty. Any and all insurance proceeds received by the Association on account of any damage to or destruction of any of the Common Areas or any sums paid to the Association under or by virtue of such special Assessments shall be held by and for the benefit of the Association and shall be disbursed by the Association in payment for the costs of such repair or restoration in such manner as may be determined by the Board of the Association. In no event shall the Owner or Mortgagee of any Lot or Dwelling be entitled to any portion of the proceeds of insurance payable as a result of the damage to or destruction of any portion of the Common Areas.

9.02 Damage or Destruction to Lots and Dwellings. In the event of any fire or other casualty which damages or destroys any portion of any Lot or Dwelling, then the Owner of such damaged Lot or Dwelling shall promptly repair and otherwise restore such Lot or Dwelling to the condition to which the same existed immediately prior to such fire or other casualty; provided, however, that if such restoration is impracticable or economically unfeasible, then the Owner of such Lot or Dwelling shall promptly clear away, demolish and remove from the Lot any Improvements damaged or destroyed and return the remainder of the Lot and any remaining improvements thereto to a clean, orderly, safe and sightly condition (including installing appropriate landscaping as may be required by the ARC in accordance with the provisions of Section 5.06 above) which shall comply with all of the rules and regulations of the appropriate Governmental Authorities. Any such restoration or repair shall be commenced within one hundred eighty (180) days following the occurrence of such fire or other casualty.

9.03 Condemnation of Common Areas.

(a) In the event of the taking of all or any portion of any of the Common Areas as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof, then the award from such taking or sale in lieu thereof shall be paid to the Association and shall be disbursed or held as follows:

(i) To the extent the Common Areas subject to such taking can either be restored or replaced, then, to the extent practicable, the Board of the Association is hereby empowered, authorized and directed to take such action, including the purchase of any remaining lands within the Development or the utilization of any other Common Areas within the Development, to restore, rebuild

or replace, as the case may be, those portions of the Common Areas subject to such taking. If the award is insufficient to fully defray the cost of such repair or replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, then the Board of the Association may, subject to the provisions of Sections 8.05 and 8.07 above, levy a special Assessment against all Owners in an amount sufficient to provide funds to pay the remaining costs of repair, restoration or reconstruction.

(ii) To the extent the Common Areas subject to such taking cannot be restored or replaced or additional lands within the Development cannot be purchased by the Association in order to repair, replace or restore the Common Areas so taken or if the Board of the Association shall determine that the portions of the Common Areas so taken should not be replaced or restored, then in any such event, the net award from such taking shall be retained by and for the benefit of the Association.

(b) If any portion of the award from any taking remains after restoration or replacement of any of the Common Areas, the remainder of such award shall be retained by and for the benefit of the Association, without any claim thereto by any Owner.

9.04 Condemnation of Lots or Dwellings. In the event that all or any portion of a Lot or Dwelling is taken as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof, then, to the extent practicable, the Owner of such Lot or Dwelling shall promptly repair, reconstruct, rebuild and otherwise restore the remaining portions of the Lot or Dwelling as nearly as practicable to the condition to which the same existed immediately prior to such taking; provided, however, that if such restoration is impracticable, economically unfeasible or would otherwise violate any of the terms and provisions of this Declaration, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such taking and shall leave such Lot and any remaining Improvements thereon in a clean, orderly, safe and sightly condition (including installing appropriate landscaping as may be required by the ARC in accordance with the provisions of Section 5.06 above). Any such restoration or repair shall be commenced within one hundred eighty (180) days following such taking.

9.05 Insurance.

(a) The Board of the Association shall have the authority to obtain and maintain at all times adequate property, casualty, liability and all other types of insurance coverage, which coverages shall be in such amounts, with such carriers, at such costs and with such deductibles as the Board, in its sole discretion, may determine.

(b) Each Owner shall be solely responsible for obtaining and maintaining public liability, property damage, title and all other types of insurance with respect to his Lot and Dwelling. Each Owner, by acceptance of a deed or other instrument conveying any interest in any Lot or Dwelling, does hereby waive and release Developer, the ARC, the Association, the manager of the Development and the Association and their respective agents, employees, representatives, partners, shareholders, members, officers and directors, from any and all liabilities or damage covered by (or which should be covered by) fire and casualty (e.g., homeowner's and/or builder's risk) insurance and general liability insurance which any Owner maintains, even if such loss or damage has been caused by the fault or negligence of any of the foregoing persons or parties.

ARTICLE X

TERM AND AMENDMENTS

10.01 Term. The terms, covenants, conditions and restrictions set forth in this Declaration shall run with and bind all of the Property, shall inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, personal representatives, administrators, successors and assigns, and shall be and remain in effect for a period of fifty (50) years from and after the date hereof, after which time this Declaration shall be automatically renewed and extended for successive and continuous periods of ten (10) years each, unless, at any time after fifty (50) years from the date hereof, an agreement executed by the Owners of at least two-thirds (2/3) or more of the Lots or Dwellings within the Development agreeing to terminate or modify this Declaration has been recorded in the Probate Office of Shelby County, Alabama; provided, however, that the rights of way and easements established, granted and reserved in Article III hereof shall continue and remain in full force and effect for the time periods and duration specified therein.

10.02 Amendment by Developer. For so long as Developer owns any Lot or Dwelling within the Development, Developer may amend this Declaration by a written instrument filed and

recorded in the Probate Office of Shelby County, Alabama, without obtaining the approval of any Owner or Mortgagee; provided, however, that except as otherwise provided in Section 10.04 below, (a) in the event any amendment proposed by Developer materially and adversely alters or changes any Owner's rights to the use and enjoyment of his Lot or Dwelling or materially and adversely affects the title to any Lot or Dwelling, then such amendment shall be valid only upon the written consent thereto by fifty percent (50%) of all of the Owners (including Developer who shall have the voting rights attributable to any Lots or Dwellings owned by Developer) or (b) in the event any such proposed amendment by Developer would materially and adversely affect the title and interest of any Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Mortgagees affected thereby. Any amendment made pursuant to this Section 10.02 shall be certified by Developer and shall be effective upon recording of the same in the Probate Office of Shelby County, Alabama. Each Owner, by acceptance of a deed or other conveyance to a Lot or Dwelling, and each Mortgagee, by acceptance of a Mortgage on any Lot or Dwelling, agrees to be bound by all amendments permitted by this Section 10.02 and further agrees that, if requested to do so by Developer, such Owner and Mortgagee will consent to the amendment of this Declaration or any other instrument relating to the Development if such amendment is (i) necessary to bring any provision hereof into compliance or conformity with the provisions of any law, ordinance, statute, rule or regulation of any applicable Governmental Authority or the judicial decision of any state or federal court, (ii) necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots or Dwellings, (iii) required by any Mortgagee in order to enable such Mortgagee to make a mortgage loan on any Lot or Dwelling or (iv) necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on any Lots or Dwellings within the Development.

10.03 Amendments by Association. Amendments to this Declaration, other than those authorized by Section 10.02 above, shall be proposed and adopted by the Association in the following manner:

(a) At any annual or special meeting of the members of the Association, an amendment to this Declaration may be proposed by either the Board of the Association or by any Owners present in person at such meeting. Any such proposed amendment must be approved by the Owners holding at least two-thirds (2/3) of the total votes in the Association; provided, however, that (i) any amendment which materially and adversely affects the security, title or interest of any Institutional Mortgagee must be approved by such Institutional Mortgagee, (ii) during any period in which

Developer owns a Lot or Dwelling in the Development, then Developer must approve such proposed amendment and (iii) to the extent the proposed amendment affects any of the matters described in Section 10.04 below, then the provisions of Section 10.04 below shall be applicable to such proposed amendment.

(b) Any and all amendments which have been approved in accordance with the provisions of Section 10.03(a) above shall be executed by all parties whose consent to the same is required, including the Owners holding at least two-thirds (2/3) of the total votes in the Association; provided, however, that in the alternative, the sworn statement of the President of the Association or by the Chairman of the Board stating unequivocally that the agreement of the requisite number of Owners was lawfully obtained may be attached to and incorporated into such amendment without joinder of any Owners. Any such amendment shall be effective upon recording of the same in the Probate Office of Shelby County, Alabama.

10.04 Restrictions on Amendment. Notwithstanding anything provided in the Declaration to the contrary, in no event may any amendment to Sections 2.02, 2.03, 2.06, 2.07, 2.08, 3.01 through 3.10, 4.02, 4.03, 5.02, 5.10, 5.12, 6.01 through 6.37, 8.02, 8.03, 8.04, 8.05, 8.06, 10.01, 10.02, 10.03, 10.04 and 11.01 hereof or any other provisions of this Declaration which require Developer's consent or approval be effective unless the same is consented to in writing by Developer, which consent may be withheld in the sole and absolute discretion of Developer, with or without reason.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 Control by Developer. NOTWITHSTANDING ANYTHING PROVIDED TO THE CONTRARY IN THIS DECLARATION, THE ARTICLES OF INCORPORATION, THE BYLAWS OR IN ANY OTHER DOCUMENT OR INSTRUMENT RELATING TO THE DEVELOPMENT, DEVELOPER HEREBY RETAINS THE RIGHT TO (a) APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE BOARD OF THE ASSOCIATION AND ANY OFFICER OR OFFICERS OF THE ASSOCIATION AS PROVIDED BY AND FOR THE PERIOD OF TIME SET FORTH IN SECTIONS 4.02 ABOVE, (b) ALL VOTING RIGHTS IN THE ASSOCIATION AS DESCRIBED IN AND FOR THE PERIOD OF TIME SET FORTH IN SECTION 4.03 ABOVE AND (c) APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE ARC AS PROVIDED BY AND FOR THE PERIOD OF TIME SET FORTH IN SECTION 5.02(a).

11.02 Legal Expenses. In addition to the rights and remedies set forth in Sections 5.13, 6.22, 6.32, 6.37, 7.02(b), 8.06 and 8.09, in the event either Developer, the ARC, its agents or representatives, or the Board, its agents and representatives, undertake any legal or equitable action which either of them deem necessary to abate, enjoin, remove or extinguish any violation or breach of this Declaration, then all costs and expenses incurred by either of them, including, without limitation, attorneys' fees and court costs, in enforcing any of the terms, provisions, covenants or conditions in this Declaration shall be paid for by the Owner against whom such action was initiated. Developer, the ARC, the Board and their respective agents and representatives, are each hereby authorized to take any and all legal or equitable action as may be necessary under the circumstances to restrain or enjoin any such violation or breach or to otherwise seek monetary damages as a result of any expenses incurred by Developer, the ARC or the Association to cure such violation or breach.

11.03 Severability. If any provision of this Declaration or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Declaration or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each provision shall be valid and enforceable to the fullest extent permitted by law.

11.04 Captions and Headings. The captions and headings contained in this Declaration are for convenience of reference only and shall not be used in the construction or interpretation of any provisions of this Declaration. The table of contents, cover page and any index to this Declaration are for convenience of reference only and shall not define or limit any of the terms and provisions hereof.

11.05 Pronouns and Plurals. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders. The use of the singular tense shall include the plural and the use of the plural shall include the singular.

11.06 Binding Effect. The terms and provisions of this Declaration shall be binding upon each Owner, Occupant and Mortgagee and the respective heirs, executors, administrators, personal representatives, successors and assigns of each Owner, Occupant and Mortgagee, and shall inure to the benefit of Developer, the ARC, the Association, all of the Owners and their respective Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns.

11.07 Conflict or Ambiguity. In the event of any conflict or ambiguity in the terms and provisions of this Declaration, the general rules of construction against one party as a result of that party having drafted this Declaration are hereby waived by each Owner and, to the fullest extent allowed by law, no conflicts or ambiguity shall be resolved in favor or to the advantage of one party as opposed to another in interpreting any ambiguity or conflict contained herein.

11.08 No Reverter. No restriction or provision hereof is intended to be or shall be construed as a condition subsequent or a possibility of reverter in favor of Developer nor shall any provision be deemed to vest any reversionary interest in Developer.

11.09 Interpretation. In all cases, the provisions set forth and provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Developer or the Board, will best effect the intent of the general plan of development for the Property. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication so as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Declaration shall be the date hereof. This Declaration shall be construed under and in accordance with the laws of the State of Alabama.

11.10 Rights of Third Parties. This Declaration shall be recorded for the benefit of Developer, the Association, the Owners and their respective Mortgagees and by such recording, no other adjoining property owner or third party shall have any right, title or interest whatsoever in the Development or its operation and continuation, in the enforcement of any of the provisions of this Declaration or the right to consent to or approve any amendment or modification to this Declaration.

11.11 No Trespass. Whenever the Association, Developer, the ARC and their respective agents, employees, representatives, successors and assigns, are permitted by this Declaration to enter upon or correct, repair, clean, maintain or preserve or do any other action within any portion of a Lot or Dwelling, the entering thereon and the taking of such action shall not be deemed a trespass.

11.12 No Partition. Each Owner hereby waives any right to seek or obtain judicial partition of any portion of the Development.

11.13 Reservation of Rights. Notwithstanding anything provided herein to the contrary, no sale, transfer, conveyance, lease, pledge, encumbrance or other hypothecation of any Lot or Dwelling by Developer to a third party shall constitute or be deemed a transfer of any of the rights reserved herein to Developer unless express reference is made in such instrument of conveyance to the specific rights created in this Declaration which Developer is transferring to any such third party.

11.14 Standards for Review. Whenever in this Declaration Developer, the Association or the ARC has the right to approve, consent to, or require any action be taken pursuant to the terms hereof, such approval, consent or required action shall, except as otherwise specifically provided herein to the contrary, be given or withheld in the sole and absolute discretion of Developer, the Association or the ARC, as the case may be.

11.15 Oral Statements. Oral statements or representations by Developer, the Association, the ARC or any of their respective employees, agents, representatives, successors or assigns, shall not be binding on Developer, the Association or the ARC.

11.16 Notices. Notices required hereunder shall be in writing and shall be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association or, if no such address has been so designated, at the address of such Owner's respective Lot or Dwelling within the Development. All notices to the Association or to the ARC shall be delivered or sent in care of Developer to the following address:

The Crest at Greystone Association, Inc.
1200 Corporate Drive, Suite 400
Meadow Brook Corporate Park
Birmingham, Alabama 35242

or to such other address as the Association or ARC may from time to time specify in a notice to the Owners. All notices to Developer shall be sent or delivered to Developer at the above address or to such other addresses as Developer may notify the Association.

11.17 Assignment. Subject to the provisions of Section 11.13 above, Developer and the ARC shall each have the right to assign any and all of the rights, powers, reservations and duties contained herein to any person or entity who shall thereupon have the same rights, power, reservations and duties as Developer and the ARC, respectively.

11.18 Further Assurances. Each Owner covenants and agrees to execute, sign and deliver, or cause to be executed, signed and delivered and to otherwise do or make, or cause to be done and made, any and all agreements, instruments, papers, deeds, acts or things, supplemental, conformity or otherwise, which may be reasonably requested by Developer, the Association or the ARC for the purpose of or in connection with clarifying, amending or otherwise consummating any of the transactions and matters herein.

11.19 No Waiver. All rights, remedies and privileges granted to Developer, the Association and the ARC pursuant to the terms and provisions of this Declaration shall be deemed to be cumulative and the exercise of any one or more of such rights, remedies or privileges 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 time to enforce any covenant or restriction set forth herein shall in no event be deemed a waiver of the right thereafter to enforce such covenant or restriction.

11.20 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of George Herbert Walker Bush, President of the United States.

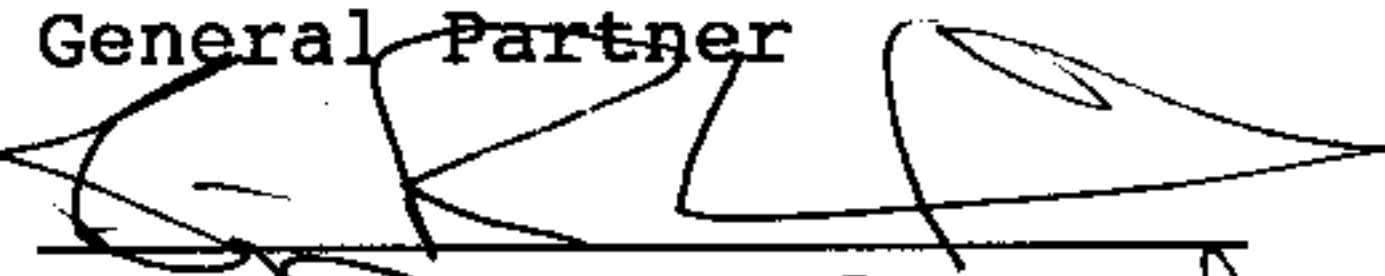
IN WITNESS WHEREOF, Developer has caused this Declaration to be duly executed as of the day and year first above written.

DANIEL OAK MOUNTAIN LIMITED
PARTNERSHIP, an Alabama
limited partnership

By: DANIEL REALTY INVESTMENT
CORPORATION - OAK MOUNTAIN,
an Alabama corporation,
Its General Partner

By:

Its:


Senior Vice President

CONSENT OF ASSOCIATION

The undersigned, THE CREST AT GREYSTONE ASSOCIATION, INC., an Alabama nonprofit corporation, has joined in the execution of this Declaration to consent to and agree to be bound by the terms and provisions of Section 8.04(c) above.

Dated this 2nd of October, 1992.

**THE CREST AT GREYSTONE
ASSOCIATION, INC.**

By: 

Its: Senior Vice President

STATE OF ALABAMA)

COUNTY OF SHELBY)

I, the undersigned, a notary public in and for said County in said State, hereby certify that Stephen R. Monk whose name as Sr. Vice President of DANIEL REALTY INVESTMENT CORPORATION - OAK MOUNTAIN, an Alabama corporation, which serves as general partner of Daniel Oak Mountain Limited Partnership, an Alabama limited partnership, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer with full authority, executed the same voluntarily for and as the act of said corporation in its capacity as general partner.

Given under my hand and official seal, this the 2nd day of October, 1992.

Sheila H. Ellis
Notary Public

My Commission Expires: 2/26/94

STATE OF ALABAMA)

COUNTY OF SHELBY)

I, a Notary Public in and for said County in said State, hereby certify that Stephen R. Monk, whose name as Sr. Vice President of THE CREST AT GREYSTONE ASSOCIATION, INC., an Alabama nonprofit corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the foregoing instrument, 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 seal of office this 2nd day of October, 1992.

Sheila H. Ellis
Notary Public

My Commission Expires: 2/26/94

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lots 1 through 18, inclusive, Lots 20 through 30, inclusive, and Lots 32 through 43, inclusive, according to the Survey of The Crest at Greystone as recorded in Map Book 16, Page 108, in the Probate Office of Shelby County, Alabama.

EXHIBIT B

LEGAL DESCRIPTION OF HUGH DANIEL DRIVE

Right-of-way Description for Hugh Daniel Drive, Book 301, Pages 799-803

To locate the point of beginning commence at the southeast corner of Section 32, Township 18 South, Range 1 West, Shelby County, Alabama; thence north on the east boundary of said section a distance of 342.03 feet to a point; thence $90^{\circ}00'$ left a distance of 3068.24 feet to the point of beginning, said point being the centerline of an 80 foot right-of-way 40 feet either side of the centerline; thence $155^{\circ}10'47''$ right to the tangent of a curve to the right, said curve having a central angle of $14^{\circ}34'45''$ and a radius of 643.69 feet; thence along said curve a distance of 163.79 feet; thence tangent to said curve a distance of 355.75 feet to a curve to the right, said curve having a central angle of $43^{\circ}18'50''$ and a radius of 337.47 feet; thence along said curve a distance of 255.11 feet to a curve to the left, said curve having a central angle of $60^{\circ}55'59''$ and a radius of 582.42 feet; thence along said curve a distance of 619.39 feet; thence tangent to said curve a distance of 247.39 feet to a curve to the right, said curve having a central angle of $33^{\circ}47'17''$ and a radius of 275.00 feet; thence along said curve a distance of 162.17 feet; thence tangent to said curve a distance of 372.00 feet to a curve to the left, said curve having a central angle of $46^{\circ}57'34''$ and a radius of 350.00 feet; thence along said curve a distance of 286.86 feet; thence tangent to said curve a distance of 234.58 feet to a curve to the right, said curve having a central angle of $52^{\circ}20'28''$ and a radius of 610.00 feet; thence along said curve a distance of 557.25 feet; thence tangent to said curve a distance of 250.36 feet to a curve to the left, said curve having a central angle of $20^{\circ}00'20''$ and a radius of 1650.00 feet; thence along said curve a distance of 576.12 feet; thence tangent to said curve a distance of 169.47 feet to a curve to the left, said curve having a central angle of $33^{\circ}24'16''$ and a radius of 960.00 feet; thence along said curve a distance of 559.70 feet to a point; thence tangent to said curve a distance of 49.12 feet to a curve to the right, said curve having a central angle of $8^{\circ}25'01''$ and a radius of 500.00 feet; thence along said curve a distance of 73.45 feet; thence tangent to said curve a distance of 192.38 feet to a curve to the left, said curve having a central angle of $7^{\circ}45'25''$ and a radius of 1600.00 feet; thence along said curve a distance of 216.61 feet; thence tangent to said curve a distance of 138.92 feet to a curve to the right, said curve having a centerline angle of $29^{\circ}51'15''$ and a radius of 291.62 feet; thence along said curve a distance of 151.95 feet to a curve to the left, said curve having a central angle of $22^{\circ}12'53''$ and a radius of 483.89 feet; thence along said curve a distance of 187.61 feet; thence tangent to said curve a distance of 90.62 feet to a curve to the right, said curve having a central angle of $5^{\circ}46'48''$ and a radius of 4500.00 feet; thence along said curve a distance of 42.00 feet to the point of ending of said 80 foot right-of-way and the beginning of a 70 foot right-of-way being 40 feet left and 30 feet right of centerline; thence continue along said curve a distance of 91.41 feet to the point of ending of said 70 foot right-of-way and point of beginning of said 80 foot right-of-way; thence continue along said curve a distance of 320.54 feet; thence tangent to said curve a distance of 419.17 feet to a curve to the right, said curve having a central angle of $2^{\circ}53'11''$ and a radius of 2579.92 feet; thence along said curve a distance of 129.97 feet; thence tangent to said curve a distance of 275.08 feet to a curve to the left, said curve having a central angle of $18^{\circ}28'14''$ and a radius of 920.00

feet; thence along said curve a distance of 296.58 feet; thence tangent to said curve a distance of 103.68 feet to a curve to the right, said curve having a central angle of $18^{\circ}01'02''$ and a radius of 400.00 feet; thence along said curve a distance of 125.79 feet; thence tangent to said curve a distance of 74.87 feet to a curve to the left, said curve having a central angle of $13^{\circ}58'11''$ and a radius of 979.47 feet; thence along said curve a distance of 238.81 feet; thence tangent to said curve a distance of 122.76 feet to a curve to the left, said curve having a central angle of $3^{\circ}20'48''$ and a radius of 2053.94 feet; thence along said curve a distance of 119.97 feet to the point of ending of said 80 foot right-of-way and the point of beginning of a 100 foot right-of-way being 50 feet either side of the centerline; thence tangent to said curve a distance of 208.93 feet to a curve to the right, said curve having a central angle of $160^{\circ}19'19''$ and a radius of 106.66 feet; thence along said curve a distance of 298.45 feet; thence tangent to said curve a distance of 193.23 feet to a curve to the left, said curve having a central angle of $10^{\circ}20'33''$ and a radius of 1000.00 feet; thence along said curve a distance of 180.51 feet; thence tangent to said curve a distance of 274.66 feet to a curve to the left, said curve having a central angle of $129^{\circ}04'25''$ and a radius of 214.29 feet; thence along said curve a distance of 482.73 feet; thence tangent to said curve a distance of 59.49 feet to a curve to the left, said curve having a central angle of $14^{\circ}17'16''$ and a radius of 797.86 feet; thence along said curve a distance of 198.96 feet to the point of ending of said 100 foot right-of-way and a point of beginning of said 80 foot right-of-way; thence tangent to said curve 374.53 feet to a curve to the left, said curve having a central angle of $6^{\circ}57'27''$ and a radius of 822.51 feet; thence along said curve a distance of 99.88 feet; thence tangent to said curve a distance of 141.57 feet to a curve to the right, said curve having a central angle of $10^{\circ}11'44''$ and a radius of 1000.00 feet; thence along said curve a distance of 177.95 feet; thence tangent to said curve a distance of 185.11 feet to a curve to the left, said curve having a central angle of $25^{\circ}21'02''$ and a radius of 800.00 feet; thence along said curve a distance of 353.96 feet; thence tangent to said curve a distance of 298.21 feet to a curve to the right, said curve having a central angle of $11^{\circ}35'28''$ and a radius of 2315.31 feet; thence along said curve a distance of 468.40 feet; thence tangent to said curve a distance of 257.66 feet to a curve to the right, said curve having a central angle of $67^{\circ}01'19''$ and a radius of 280.00 feet; thence along said curve a distance of 327.53 feet; thence tangent to said curve a distance of 409.95 feet to a curve to the right, said curve having a central angle of $14^{\circ}42'00''$ and a radius of 1477.79 feet; thence along said curve a distance of 379.15 feet to a curve to the left, said curve having a central angle of $94^{\circ}00'00''$ and a radius of 185.00 feet; thence along said curve a distance of 303.51 feet; thence tangent to said curve a distance of 164.89 feet to a curve to the right, said curve having a central angle of $43^{\circ}17'11''$ and a radius of 500.00 feet; thence along said curve a distance of 377.75 feet; thence tangent to said curve a distance of 455.56 feet to a curve to the left, said curve having a central angle of $11^{\circ}59'33''$ and a radius of 333.21 feet; thence along said curve a distance of 69.74 feet; thence tangent to said curve a distance of 195.02 feet to a curve to the right, said curve having a central angle of $47^{\circ}55'36''$ and a radius of 300.00 feet; thence along said curve a distance of 250.94 feet; thence tangent to said curve a distance of 338.05 feet to the point of ending of said 80 foot right-of-way, said point being on the northwest right-of-way of the Dunnavant Valley Road. All lying in Sections 32, 33 and 34, Township 18 South, Range 1 West, Shelby County, Alabama, and containing 28.992 acres.

Inst # 1992-22103

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