STATE OF ALABAMA)
COUNTY OF SHELBY)

Inst # 1997-07973

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

HIGHLAND LAKES, A RESIDENTIAL SUBDIVISION THIRD SECTOR, PHASE TWO

THIS DECLARATION OF PROTECTIVE COVENANTS (hereinafter referred to as the "Declaration") is made as of this 10 day of March, 1997 by **HIGHLAND LAKES DEVELOPMENT, LTD.**, an Alabama limited partnership (hereinafter referred to as the "Developer"), and **HIGHLAND LAKES RESIDENTIAL ASSOCIATION, INC.**, an Alabama nonprofit corporation, (hereinafter referred to as the "Association") which declares that the real property hereinafter described and defined as Highland Lakes Third Sector, Phase Two, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth (sometimes hereinafter referred to as the "Protective Covenants").

WHEREAS, the Developer is presently the owner of all of the real property described in the Plat of Highland Lakes Third Sector, Phase II as recorded in the Office of the Judge of Probate of Shelby County, Alabama, in Map Book 22, Page 37 inclusive (the "Property"); and

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

WHEREAS, the Developer has acquired by fee simple, easement or lease, certain other property located adjacent to or near the Property ("Common Areas") which the Developer intends to be for the use and benefit of the owners of the Property and the Developer has created a nonprofit corporation (herein referred to as the "Association") under the Declaration of Easements and Master Protective Covenants for Highland Lakes recorded as Instrument Number 1994-07111 in the Probate Office of Shelby County, Alabama, as amended by the document recorded as Instrument Number 1996-17543 in said office (the "Master Covenants"); for the purpose of maintaining the Common Areas and Lakes, regulating the use thereof and levying assessments for the maintenance, preservation and regulation of the Common Areas;

NOW, THEREFORE, the Developer declares that the real property described in Section 2.1 hereof, and such additions thereto as may hereafter be made pursuant to Section 2.2 hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the Protective Covenants and the Master Covenants, all of which shall be construed as and deemed to be covenants running with the land and shall be binding on and inure to the benefit of all parties having a right, title or interest in the said real property, as well as their heirs, successors and assigns.

ARTICLE I
DEFINITIONS

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:

1.1 **ARC.** The term or letters "ARC" shall mean the architectural review committee appointed pursuant to Section 5.2 hereof with the rights and obligations conferred upon such architectural review committee pursuant to this Declaration.

1.2 **Architectural Standards.** The term "Architectural Standards" shall mean the standards prepared, issued and amended from time to time by the ARC pursuant to Section 5.4 below for the purpose of reviewing and approving all exterior improvements, landscaping and any other Improvements which may be made to any Lot or Dwelling.

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1.3 **Assessment.** The term "Assessment" shall mean the assessments described in Article VII hereof.

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1.4 **Association.** The term "Association" shall mean Highland Lakes Residential Association, Inc., an Alabama nonprofit corporation created under the Master Covenants (herein defined).

1.5 **Common Areas.** The term "Common Areas" shall mean and refer to the Common Areas defined in Section 1.7 of the Master Covenants as the same may be amended from time to time hereafter.

1.6 **Declaration.** The term "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, Third Sector, Phase II and all amendments thereto.

1.7 **Developer.** The term "Developer" shall mean Highland Lakes Development, Ltd., an Alabama limited partnership, its successors and assigns, if such successors or assigns acquire any portion of the Property and/or the Development and are designated as successor developer by Developer.

1.8 **Development.** The term "Development," with an initial capital letter, shall mean and refer to the Property and all Improvements thereon and any property which has been, or may in the future be, submitted to the provisions of the Master Covenants.

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

1.10 **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.

1.11 **Highland Lakes Drive.** The term "Highland Lakes Drive" shall mean and refer to that certain roadway situated adjacent to the Development, including all extensions, improvements and alterations which may be made to such roadway from time to time, that will be used as the principal arterial road providing access to and from U.S. Highway 280 and the Development.

1.12 **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, 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, underground utilities, roads, driveways, walkways, paving, curbing, parking areas, trees, shrubbery, landscaping, fences, screening, walls, piers, signs and any other artificial or man-made changes or alterations to the natural condition of any Lot or Dwelling. "Improvements" shall also mean any grading, any excavation or fill, the volume of which exceeds eight (8) cubic yards.

1.13 **Institutional Mortgagee.** The term "Institutional Mortgagee" shall mean and refer to any federal or state chartered bank, trust company, life insurance company, federal or state savings and loan association, real estate investment trust or other recognized lending institution which normally and customarily engages in the business of making Mortgage loans and shall include any institutional or governmental purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, which holds a first Mortgage on any Lot or Dwelling which has been duly and property recorded in the Probate Office of Shelby County, Alabama.

1.14 **Interior Lot Owners.** The term "Interior Lot Owners" shall mean and refer to Owners of Lots or Dwellings within the Development other than Lake Lots or Lake Dwellings.

1.15 **Lakes.** The term "Lakes" shall mean and refer to the Lakes defined in Section 1.22 of the Master Covenants as the same may be amended from time to time hereafter.

1.16 **Lake Lot or Lake Dwelling.** The term "Lake Lot" shall mean and refer to each Lot or Dwelling (herein defined) within the Development that abuts or lies contiguous to a Lake, as determined by the Developer.

1.17 **Lake Lot Owner.** The term "Lake Lot Owner" shall mean and refer to the Owner of any Lake Lot or Lake Dwelling.

1.18 **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 garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics and basements.

1.19 **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. Each lot indicated in the subdivision plat for any portion of the Property shall be deemed a Lot for purposes of this Declaration. A parcel of land shall be deemed unimproved and thus considered to be 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 2.5 hereof, the resubdivided Lots shall constitute the number of Lots which remain after such division or combination of Lots. The term "Lot" shall refer to Lake Lots and Interior Lots where no distinction is required.

1.20 **Master Covenants.** The term "Master Covenants" shall mean and refer to the Declaration of Easements and Master Protective Covenants for Highland Lakes, recorded as Instrument Number 1994-07111 in the Probate Office of Shelby County, Alabama, as amended by the document recorded as Instrument Number 1996-17543 in said office, and as the same may be further amended from time to time.

1.21 **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 or Dwelling or any interest therein and which shall have been duly and properly recorded in the Probate Office of Shelby County, Alabama.

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

1.23 **Occupant.** The term "Occupant" shall mean and include any Owner, the family members, guests, tenants, agents, servants, employees or invitees of any Owner and their respective family members, guests, tenants, agents, servants, employees, invitees and any other person who occupies or uses any 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 Dwelling.

1.24 **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 vendor who has an interest in any Lot or Dwelling solely by virtue of a lease, contract, installment contract or other agreement.

1.25 **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 the Plat of Highland Lakes, Third Sector, Phase Two, as recorded in Map Book 22, page 37 inclusive, in the Probate Office of Shelby County, Alabama.

1.26 **Record Map.** The term "Record Map," with an initial capital letter, shall mean and refer to the final plat for any sector or subdivision within the Development as finally approved by the applicable Governmental Authority and as recorded in the Office of the Judge of Probate of Shelby County, Alabama.

1.27 **Sidewalk Lots.** The term "Sidewalk Lots" shall mean and refer to each Lot or Dwelling within the Property that abuts or lies contiguous to the side of the roadways designated as Highland Lakes Trail and Hermitage Circle which is selected by Developer for placement of a sidewalk.

ARTICLE II
PROPERTY SUBJECT TO THE DECLARATION

2.1 **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 or Dwelling 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 and the Master Covenants, 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 or Dwelling thereof. It is the intention of the Developer to submit the Property to the Master Covenants pursuant to Section 2.2(a) thereof so that the Property will be a part of the Development. **The Developer does not intend that this Declaration shall apply to any other real property owned by Developer unless the same is subjected specifically by written instrument to this Declaration in accordance with Section 2.2 hereof.**

2.2 **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 Instrument Number 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 and the Master Covenants, (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. 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 2.2 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 2.2 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 2.2 of this Declaration.

2.3 **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 2.2 above, modify the provisions of this Declaration as the same apply to any such Lot.

2.4 **Mutuality of Benefit and Obligation.** The provisions of this Declaration are made (a) for the mutual and reciprocal benefit of each Lot or Dwelling 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 within the Property, and (c) to create a privity of contract and estate between the Owners, their respective heirs, successors and assigns.

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

2.6 **Subdivision Plat.** Developer reserves the right to record, modify, amend, revise and otherwise add to, at any time and from time to time, the subdivision plat of the Property setting forth such information as Developer may deem necessary with regard to the Property, 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

3.1 **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

nonexclusive 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 under this Declaration and the Master Covenants, 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 and the Master Covenants; 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 and Dwelling directly affected thereby.

3.2 **Sidewalk Easement.** Developer hereby reserves for itself and the Association for the benefit of all owners and occupants of any portion of the Development, including their respective family members, guests, tenants, agents, servants, employees, or invitees, an easement over and across that portion of each of the Sidewalk Lots that extends seven feet from the curb of the street fronting said Sidewalk Lots for (i) the construction and maintenance of a sidewalk by the Developer, the Association, or their respective agents or designees (including Owners of Sidewalk Lots); and (ii) pedestrian use by all persons for whose benefit the easement is hereby reserved. The easement herein reserved is nonexclusive and is included in, and not in limitation of, the Easements for Walks, Trails and Signs reserved by the Developer in Section 3.8(a) of the Master Covenants.

3.3 **Other Easements Granted.** The easements referred to in this Article III shall be in addition to and not in limitation of the easements granted and reserved by the Developer under Article III of the Master Covenants to which the Property shall be subject.

ARTICLE IV
ASSOCIATION

4.1 **The Association.** The Association has been created under Alabama Nonprofit Corporation Act as the entity responsible for maintaining, administering the Common Areas and Lakes within the Development, and for regulating and managing the use of such Common Areas and Lakes under the authority granted to and conferred upon the Association under the terms and conditions of the Master Covenants. The Association will have as its members those persons duly elected to the ARC together with any other person duly elected to each Sector ARC (as defined in the Mater Covenants) within Sectors (as defined in the Master Covenants) of the Development, and the Owners of Lots or Dwellings shall not be members of the Association unless the Master Covenants and the Articles of Incorporation and By-Laws of the Association are amended to confer membership on the Owners. Each person serving on the ARC is hereby authorized to vote as a member of the Association, in his discretion and without consulting any of the Owners, on any matter submitted to a vote of the members of the Master Association.

4.2 **Assessments.** The Master Covenants, unless otherwise amended, require that each Owner of a Lot or Dwelling shall be liable to pay assessments to the Association to pay expenditures authorized to be incurred by the Association under the Master Covenants. 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 or the Master Covenants, is hereby deemed to covenant and agree to pay assessments to the Association in accordance with and subject to the terms and conditions of the Master Covenants as provided in Section 7.3 below.

ARTICLE V
ARCHITECTURAL REVIEW COMMITTEE DEVELOPMENT AND ARCHITECTURAL STANDARDS

5.1 **Committee Composition.** The ARC shall consist of three (3) persons, each of whom shall be appointed or elected as provided in Section 5.2 below. Subject to the provisions of Section 5.2(a) below, the regular term of office for each member of the ARC shall be three (3) years, coinciding with the fiscal year of the Association, except in the case of the first ARC elected by the Owners whose members' terms shall be staggered as provided in Section 5.3 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 5.2 below.

5.2 **Appointment and Removal of ARC Members.**

(a) For so long as there are any Lots within the Property upon which a Dwelling has not been constructed thereon, Developer shall have the sole and exclusive right to appoint and remove all of the members of the ARC.

(b) At such time as there is no Lot without a Dwelling constructed thereon within the Property, or upon Developer's sooner written notice to the Owners that it no longer desires to exercise the right to appoint and remove members of the ARC as provided in Section 5.2(a) above, then the members of the ARC shall be elected or removed by the Owners of the Lots within the Property in accordance with the procedure set forth in subparagraph 5.3 below.

(c) In the event of death, resignation or removal of a member of the ARC, then the remaining members of the ARC shall appoint a substitute member of the ARC to fill the vacancy of such deceased, resigning or removed member for the remainder of the term of such former member.

5.3 **Procedure for Election and Removal.** Subject to the provisions of Section 5.2(a) above, the procedure for the election and removal of the ARC by the Owners shall be as follows:

(a) Within 30 days after the provisions of Section 5.2(b) are in effect, the ARC shall nominate for election by the Owners to the ARC one person for a term of three years, one person for a term of two years and one person for a term of one year. The ARC shall then call a meeting of the Owners by delivery of written notice of the persons nominated and the date, time and place of the meeting, which meeting shall be held not less than 14 nor more than 30 days prior to the meeting. Owners may make additional nominations for election for each position on the ARC by delivery of written notice to the ARC at least one day prior to the meeting. At the meeting, the persons nominated for each respective term shall be voted on separately and the person receiving the affirmative vote of a majority of the Owners present shall be elected to serve for the term specified and until his successor is elected and qualified. Prior to the expiration of each term, the ARC shall nominate a person for election for a three year term. The ARC shall then call a meeting of the Owners by delivery of written notice of the persons nominated and the date, time and place of the meeting not less than 14 nor more than 30 days prior to the meeting. Owners may make additional nominations for such position by delivery of written notice of such nomination to the ARC not less than one day prior to the meeting. At the meeting, the person receiving affirmative vote of a majority of the Owners present at the meeting shall be elected to the ARC for a term of three years from the expiration of his predecessor's term, and until his successor is elected and qualified.

(b) Upon the presentation to the ARC of a written petition executed by 10% or more of the Owners for the removal of a member of the ARC, the ARC shall call a meeting of the Owners and shall deliver written notice of the purpose of the meeting and the date, time and place of the meeting. At the meeting, the member of the ARC named in the notice shall be subject to removal by the Owners, with or without cause, upon the affirmative vote of a majority of the Owners present at the meeting in favor of such removal. Such removal shall be effective immediately and the vacancy created upon the removal shall be filled in the manner prescribed in Section 5.2(c) above.

5.4 **Procedure and Meetings.**

(a) 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 may 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. 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; provided that a majority of the members of the ARC may delegate the right to act for and on behalf of the ARC to one or more of its members. 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. The ARC shall be entitled to a reimbursement from the Association of expenses incurred in connection therewith. 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.

(b) The ARC shall have the right and power to appoint one or more committees of the ARC and to delegate to such committees various responsibilities of the ARC. The members of the committees of the ARC must be Owners but they need not be members of the ARC. Each committee established by the ARC and each member thereon shall serve at the pleasure of the ARC and the authority of each committee may be limited, expanded or revoked by action of the ARC. Each committee shall have the right from time to time to adopt and establish rules and regulations as may be necessary concerning the procedure and conduct of the business of the committee. All decisions of a committee of the ARC shall be subject to the approval of the ARC. Any Owner

may appeal any decision of a committee of the ARC, and the decision of the ARC shall be final with respect to such appeals. The ARC shall have the right from time to time to establish rules and procedures for appeals from the committees; provided that in the absence of such rules and procedures the procedures set forth in Section 5.6 shall be followed with respect to an appeal from a committee of the ARC.

5.5 **Architectural Standards.** The ARC and the Association are each 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 the Association and any other matters affecting the construction, repair or maintenance of any Dwelling or other Improvements on any Lot. The Architectural Standards adopted by the ARC and the Association shall be in addition to the provisions and requirements set forth in this Declaration and shall be binding upon and enforceable against all Owners.

5.6 **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, OTHER THAN DEVELOPER, 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 5.6(b) BELOW. WITHOUT LIMITING THE FOREGOING, THE CONSTRUCTION AND INSTALLATION OF ANY DWELLINGS, SIDEWALKS, DRIVEWAYS, PARKING LOTS, MAILBOXES, DECKS, PATIOS, PIERS, 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 5.6(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 Lot or Dwelling within the Property. Prior to the commencement of any Dwelling of 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 (hereinafter collectively referred to as the "Plans and Specifications"):

(i) Three (3) 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 any set-back requirements applicable to the Lot or Dwelling. The site plan shall reflect the location of the proposed Improvements as such location relates to the recommended Dwelling site as reflected on the Record Map, or otherwise.

(ii) Three (3) 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) Three (3) 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) Four (4) copies of the lighting plan, including specifications, for any exterior lighting to be utilized with respect to such Lot or Dwelling.

(v) Four (4) copies of a landscaping plan prepared and submitted in accordance with the provisions of Section 5.7 below.

(vi) Three (3) copies of an erosion control plan prepared and submitted in accordance with Section 5.8 below.

(vii) Such fee as may from time to time be imposed by the ARC for the review, approval and inspection of the Plans for such Improvements and the construction thereof pursuant to Section 5.6(c) below.

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

(c) Subject to the provisions of subparagraph (d) below, the ARC shall, in its sole discretion, determine whether the Plans and Specifications and other data submitted by any Owner for approval are complete and acceptable. One copy of all Plans and Specifications as 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", "disapproved" or "incomplete." 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 and may make interior improvements and alterations within any buildings or structures it maintains or owns that do not affect exterior appearance and, in each case, without the necessity or requirement that ARC approval or consent be obtained.

(d) All Plans and Specifications approved by the ARC shall be subject to approval of the Association. The ARC shall promptly submit all copies of approved Plans and Specifications to the Association for its consideration. The Association shall denote its approval, conditional approval or disapproval on the Plans and Specifications and return two copies to the ARC for distribution and retention as provided in subparagraph (c) above and shall retain one copy of the Plans and Specifications for its records. The approval, conditional approval or disapproval of such Plans and Specifications by the Association shall be final and binding on the Owner and the ARC.

(e) The ARC and the Association 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 or the Architectural Standards, 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 erosion control plan and/or 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 or the Association, would render the proposed Improvement inharmonious with the general plan of development contemplated for the Development. The ARC and the Association 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 and the Association for Improvements to one particular Lot or Dwelling shall not be deemed an approval or otherwise obligate the ARC or the Association to approve similar plans and specifications or any of the features or elements for the Improvements for any other Lot or Dwelling within the Property.

(f) In the event the ARC fails to approve in writing any proposed Plans and Specifications within forty-five (45) days after complete Plans and Specifications have been submitted, then the Plans and Specifications so submitted will be deemed to have been disapproved. In such event, the Owner may then submit the Plans and Specifications directly to the Association for its consideration. The approval, conditional approval or disapproval of such Plans and Specifications by the Association shall be final and binding on the Owner and the ARC. The Association shall note its approval, conditional approval or disapproval on all copies of the Plans and Specifications and shall return two copies to the ARC for distribution and retention in accordance with subparagraph (c) above.

(g) Any revisions, modifications or changes in any Plans and Specifications previously approved by the ARC must be approved by the ARC and the Association in the same manner specified above.

(h) 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 Association 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 and the Association for approval in the same manner specified above.

(i) If (A) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Lot or Dwelling without approval by the ARC and the Association of the Plans and Specifications for the same or (B) the ARC and/or the Association shall determine that any approved Plans and Specifications for any Improvements or the approved Erosion Control Plan (see Section 5.8) and/or landscaping plans (see Section 5.7) 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 and/or the Association shall have the right to exercise any of the rights and remedies set forth in Section 5.14 below.

(j) The ARC and the Association, or any agent, employee or representative of either of them, 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 and the Association.

(k) NO OWNER SHALL OCCUPY ANY DWELLING UNLESS AND UNTIL THE ASSOCIATION SHALL HAVE ISSUED TO THE OWNER A CERTIFICATE OF COMPLIANCE IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 5.6(k) AND SECTION 5.15 BELOW. Upon completion of the construction of any Dwelling, the Owner shall submit a written request to the Association for a Certificate of Compliance. Upon receipt of such request, the Association shall, within ten (10) business days, inspect the Dwelling to determine if the construction is in compliance with the Plans and Specifications approved by the ARC and the Association, and promptly upon making such determination, the Association shall either (i) issue to the Owner a Certificate of Compliance in accordance with Section 5.15 below if the Association finds the construction complies with such approved Plans and Specifications; or (ii) deliver to the Owner a written statement setting forth the reason(s) that a Certificate of Compliance will not be issued with respect to such Dwelling.

5.7 **Landscaping Approval.**

(a) 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, other than Developer, on any Lot or Dwelling unless and until landscaping plans therefor have been submitted to and approved by the ARC and the Association. The provisions of Section 5.6 above regarding the method that such plans are to be submitted to the ARC and the Association, 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.

(b) In addition to the requirements of Section 5.6(a) above, the landscaping plan for any Lake Lots shall require, among other things, a natural, undisturbed buffer of between 30 feet and 50 feet adjacent to the Lake or other waterway to be determined as to each individual Lot, and the landscaping plan for any Dwelling adjacent to Highland Lakes Drive shall require a natural buffer of between 30 feet and 50 feet from the boundary adjacent to said street to be determined as to each individual Lot unless a specific tree buffer is designated on the Record Map. The tree buffer must remain natural, and the construction of any Improvements in said tree buffer shall be prohibited except for any Improvements approved by the Association for boat storage and/or access to the Lakes in accordance with the Master Covenants. The prohibited Improvements shall include, without limitation, fenced in pet areas, patios and/or outdoor furniture, playhouses, doghouses, tree houses, swing sets and gardens. Notwithstanding the foregoing and subject to ARC approval, the front yards of Dwellings fronting Highland Lakes Drive or located at the corner of the intersection of Highland Lakes Drive and another street may be landscaped in an alternate manner.

(c) Each landscape plan so submitted shall provide for the construction of a sidewalk along the Lot line bounded by the street in accordance with the requirements of the ARC and the Association, and the Owner shall be responsible for the repair of any damage to the sidewalk occurring during construction of the Dwelling or any other Improvements on the Lot. The landscape plan shall also reflect the location of all curb cuts in the sidewalk allowing access to the Lot or Dwelling. If such a sidewalk is proposed to be constructed on a Sidewalk Lot, the Owner of the Sidewalk Lot must post security for the cost of construction reasonably satisfactory to Developer.

5.8 **Erosion Control Plan.** Owner or the Owner's builder or contractor shall prepare an Erosion Control Plan to be implemented with respect to any Lot. Any such Erosion Control Plan, to be approved by the ARC and the Association, must provide that gravel be placed in the driveway of the Lots during the construction period and that hay and silt fences be utilized during construction to minimize erosion. Such Erosion Control Plan must comply with all terms and conditions of the General Permit issued by the Alabama Department of Environmental Management and made available to Developer regarding storm water runoff from construction, excavation, land clearing and other land disturbance activities within the Property.

5.9 **Builder Regulation and Approval.** In order to minimize disruption in the Property and to maintain orderliness during construction of Improvements to Lots or Dwellings within the Property:

(a) The ARC and/or the Association shall have the right and authority from time to time to propose, adopt, alter, amend and revoke rules and regulations applicable to builders, general contractors and subcontractors who are engaged in the construction of Improvements on any Lot or Dwelling within the Property.

(b) The ARC and/or the Association shall have the right to approve an Owner's selection of a builder or contractor, whether a general contractor or subcontractor. No such builder, contractor, or subcontractor shall be approved if, in the opinion of the ARC and/or the Association, such builder, contractor or subcontractor (i) has a history of noncompliance with this Declaration and/or the Master Covenants or the rules and regulations adopted by the ARC and/or the Association with respect to builders and contractors in the Property, and such builder or contractor has failed to provide the ARC adequate assurance that it will comply with the requirements of this Declaration and the Master Covenants and any rules and regulations promulgated thereunder; or (ii) such builder or contractor or subcontractor working thereunder has failed to provide evidence of public liability insurance reasonably acceptable to the ARC and the Association.

(c) The ARC or the Association may require as a condition to the approval of any builder or contractor, whether as a general contractor or subcontractor, to require such builder or contractor to post a bond or other reasonably satisfactory contract for indemnity to cover the cost of repair for any damage caused by such builder or contractor to the roads (including curbs and gutters), storm water drainage systems, and Lakes.

5.10 **Subsurface Conditions.** The Property may be located in an area which includes 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 and the Association 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, the Association or Developer to the Owner submitting such Plans and Specifications 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.

5.11 **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 of any of them, 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, sinkholes, underground mines, tunnels and water channels and limestone formations on or under any Lot or Dwelling) and 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.

5.12 **Commencement and Completion of Construction.** Upon commencement of construction of any Dwelling, construction work thereon shall be prosecuted diligently and continuously, and, unless a longer period of time is approved by the ARC, construction shall be completed within one (1) year of the commencement date of said construction, except that Dwellings

having over 4,000 square feet shall have a period of 20 months for completion. Such completion shall be evidenced by a certificate of occupancy issued by the appropriate Governmental Authorities and a Certificate of Compliance issued by the Association.

5.13 **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 such facilities and to carry on such 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, signs and model Dwellings, 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 5.13 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.

5.14 **Enforcement and Remedies.** In the event any of the provisions of this Article V or any rules and regulations promulgated by the ARC or the Association hereunder 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 Association shall have the right, at its option, to do any of the following: (a) deny a contractor access to the subject Lot or Dwelling until the Owner, Occupant, or contractor submits a plan for correction of the violation that is approved by the ARC and the Association and undertakes to cure such violation in accordance with the approved plan, (b) require the cessation of any further construction on any Lot or Dwelling until any work in place which does not comply with the Plans and Specifications approved by the ARC and the Association for such Improvements is removed or corrected, and/or (c) through its designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to cure such violation or breach. All costs and expenses incurred by 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, contractors, 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 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 as an Individual Assessment under Section 6.2 of the Master Covenants, if the same is not paid when due, shall bear interest and shall be subject to the lien provided for in Section 6.1 of the Master Covenants and shall be subject to foreclosure as provided therein. Notwithstanding anything provided herein to the contrary, the rights and remedies of 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 the Master Covenants and this Declaration, including without limitation, Sections 6.33, 9.1, 9.2 and 9.3 below.

5.15 **Certificate of Compliance.** The Certificate of Compliance issued by the Association shall be in form suitable for recordation, identifying the subject Dwelling or Improvement and the Lot on which such Dwelling or Improvement is placed, and stating that the Plans and Specifications, the location of such Dwelling or Improvement and the use or uses to be conducted thereon have been approved, that such Dwelling or Improvement as constructed complies with the requirements of the ARC and the Association under this Article V, and that there are no outstanding unpaid assessments against the Owner under these Sector Covenants or the Master Covenants. Preparation and recording of such certificate shall be at the expense of such Owner. A Certificate of Compliance shall be prima facie evidence of the facts therein stated, and as to any purchaser or encumbrancer in good faith and for value, or as to any title insurer, such certificate shall be conclusive evidence that all Dwellings or Improvements on the Lot, and the use or uses described therein comply with all the requirements of this Article V, that all assessments which may constitute a lien on such Lot or Dwelling have been paid, and that the Lot or Dwelling is in compliance with all other requirements of this Declaration as to which the ARC and the Association exercise any discretionary or interpretive powers.

ARTICLE VI
USE AND DEVELOPMENT RESTRICTIONS

6.1 **Use Restrictions.** Except as otherwise provided to the contrary in Section 5.13 above and in this Section 6.1, each Lot and Dwelling shall be used for single-family residential purposes only and no trade or business of any kind may be carried on in or from any Lot or Dwelling. 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. Notwithstanding anything provided in this Section 6.1 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 or Lakes 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, Lakes, or single-family residential purposes, then such use must be approved in writing by the ARC.

6.2 **ARC and Association 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. No Dwelling shall be occupied by any person until the Owner shall have received a Certificate of Compliance from the Association pursuant to Section 5.6(k) and Section 5.15 of this Declaration.

6.3 **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.

6.4 **Building Sites.**

(a) Prior to commencing any construction related activities on a Lot (including grading and clearing), the location of the Dwelling to be constructed thereon shall be set forth on the site development plan submitted to the ARC in accordance with Section 5.6(b)(i) above. All eaves, steps, porches, terraces, decks and patios shall be deemed a part of the Dwelling for purposes of locating the Dwelling on the site development plan.

(b) Subject to the minimum building set back lines which may from time to time be imposed by governmental authorities having jurisdiction over the Property and to the tree buffers provided for in Section 5.7(b) above, there shall be no fixed building set back lines with respect to any Lot because the establishment of inflexible building set back lines for location of Dwellings on Lots tends to force construction of Dwellings, both directly behind and directly beside other homes which may have detrimental effects on the privacy, view, and preservation of trees. The Developer may, at its election, establish a recommended site for a Dwelling on each Lot on the Record Map or otherwise. The establishment of such building site is intended as a guideline, and the actual location of a Dwelling on a Lot is subject to the approval of the ARC and the Association in accordance with Section 5.6 above. **The ARC and Association reserve the right to control absolutely and to solely decide the precise site and location of any Dwellings or other Improvements upon all Lots within the Property and shall not be required to approve the construction of any Dwelling within the recommended building site reflected on the Record Map or otherwise, or in strict compliance with the set back lines of the applicable Governmental Authority.**

6.5 **Trees.** Unless located within ten (10) feet of a Dwelling or any driveway or sidewalk, no Owner, other than Developer, 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 to the ARC nor shall the foregoing be deemed to release any Owner from the provisions of Sections 5.7(b), 6.8 and 7.1.

6.6 **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 (3 1/2) stories in height, as measured from the finished grade of the Lot on the front of the Dwelling facing a street or roadway.

6.7 **Living Space.** The following will set forth the guidelines for the Living Space (which may vary within the Development) with respect to Dwellings to be constructed on Lots within the Property:

(a) For Lots numbered 357 through and including 366 on the Record Map, the Living Space shall be: (i) not less than 2,000 square feet on the main floor of any one story Dwelling; (ii) not less than 2,200 square feet in the case of a one and one-half story building; and (iii) not less than 2,600 square feet in the case of a building with two stories with a minimum of 1,300 square feet on the two main floors.

(b) For Lots numbered 302 through and including 306, and 309 through and including 315 on the Record Map, the Living Space shall be: (i) not less than 1,600 square feet on the main floor of any one-story Dwelling; (ii) not less than a total of 2,000 square feet in the case of a one and on-half story Dwelling, with a minimum of 1,400 square feet being on the first floor; and (iii) not less than 2,000 square feet in the case of a building with two stories, with a minimum of 1,000 square feet on the two main floors.

(c) For Lots numbered 307 and 3101 through and including 3128 on the Record Map, the Living Space shall be: (i) not less than 1,600 square feet on the main floor of any one-story Dwelling; (ii) not less than 1,800 square feet in the case of a one and one-half story Dwelling, with a minimum of 1.250 square feet being on the first floor; and (iii) not less than 1,800 square feet for any two-story Dwelling, with a minimum of 1,000 square feet being on the first floor.

The Association can reduce or increase the Living Space requirements for a Dwelling if, in the opinion of the Association, the appearance of the Dwelling on the Lot will be consistent with the other Dwellings within the Property.

6.8 **Landscaping.**

(a) The landscaping plan for each Lot or Dwelling in the Development shall substantially comply with the requirements of Section 5.7 and shall be submitted to the ARC and the Association for approval pursuant to the provisions of Section 5.6 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) Subject to the tree buffers required under Section 5.7(b), all front and side yards of each Lot shall, unless approved by the ARC and the Association or otherwise required as a natural area or unless the same is landscaped with shrubbery and other approved plant life, be sodded with grass.

(c) 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 Compliance for the Dwelling situated thereon.

(d) No hedge or shrubbery planting which obstructs sight-lines of streets and roadways shall be placed or permitted to remain on any Lot or Dwelling where such hedge or shrubbery interferes with traffic sight-lines for roadways within the Development. The determination of whether any such obstruction exists shall be made by the Association, whose determination shall be final, conclusive and binding on all Owners.

(e) 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.

(f) 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.

(g) The ARC and/or the Association 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 prescribe that a minimum dollar amount be established and utilized as the landscaping budget for each Lot or Dwelling.

(h) 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.

(i) 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.

6.9 **Roofing.**

(a) The ARC and/or the Association 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.

(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 extent practicable, not be visible from any street.

(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.

6.10 **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 and the Association.

6.11 **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 and the Association. 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, and any other materials as the ARC and the Association 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 and the Association. 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 approval of the ARC and the Association.

(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.

6.12 **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 cowling 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.

6.13 **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) Garage doors shall be constructed of such materials as are approved by the ARC and the Association. All Dwellings on corner lots shall have automatic garage doors. 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 and the Association.

(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.

6.14 **Fences.**

(a) No chain link, vinyl coated or wire fences shall be permitted within the Property except with regard to maintenance areas within the Common Areas, tennis courts approved by the Association and those fences erected by Developer. No fences shall be allowed in front yards. Electric fences (other than underground invisible electric fences for the retention of pets) 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 and the Association. Fences visible to streets shall be screened with landscaping acceptable to the ARC and the Association.

(b) Notwithstanding subparagraph (a) above, no fence constructed on any Lot shall exceed six feet in height or the maximum height imposed by any Governmental Authority. Without the approval of the Association, no fence on any Lot shall be visible from (i) Highland Lakes Drive; (ii) any arterial road within the Property; (iii) any Lakes; or (iv) any roads adjacent to Lake Lots. No fence shall be constructed over or upon any portion of any easement granted by the Developer, whether or not reflected on the Record Map. No fences shall be constructed in any tree buffer required under Section 5.7(b) above.

6.15 **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. 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.

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

6.16 **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 in the Architectural Standards or as approved by the ARC. Mailboxes shall contain only the name and/or house number of the Lot or Dwelling as approved by the ARC and the Association, but no further inscription, paintings, ornaments or artistry shall be allowed.

6.17 **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, such compressor units and equipment shall be screened from public view by either walls or landscaping to be approved by the ARC and the Association. No window mounted heating or air conditioning units or window fans shall be permitted.

6.18 **Satellite Dishes and Antennae.** Unless specifically permitted by the Architectural Standards from time to time adopted as herein provided, no satellite dishes, 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 Property unless the same is contained entirely within the interior of a building or other structure. 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 causing to be installed and operated, either directly or indirectly by contract or otherwise with another entity, any equipment necessary for master antenna, cable television, security, mobile radio or similar systems within the Development.

6.19 **Driveways and Sidewalks.** Subject to 5.7(c), all driveways and sidewalks for each Lot or Dwelling shall be constructed of such hard surfaced material as may be specified in the Architectural Standards or approved by the ARC and the Association. All driveways and sidewalks shall be paved in such hard surfaced materials. Chert, gravel and loose stone driveways and sidewalks are prohibited.

6.20 **Outdoor Furniture, Recreational Facilities and Clotheslines.**

(a) No furniture shall be placed, kept, installed, maintained or located in or on front or side yards or areas of a Lot or Dwelling. Any furniture placed, kept, installed, maintained or located at the rear of or behind a Dwelling shall, to the

greatest extent practicable, be located so that the same shall not be visible from any street, and shall not be located in any tree buffer required under Section 5.7(b) above.

(b) Wood piles shall be located only at the rear of a Dwelling and shall be screened by appropriate landscaping from view from streets and, to the 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 extent practicable, be located so that the same are not visible from any street, and shall not be located in any tree buffer required under Section 5.7(b) above.

(d) Free-standing playhouses and treehouses shall be permitted but only after ARC approval of the same, and shall not be located in any tree buffer required under Section 5.7(b) above.

(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 and the Association. Basketball goal backboards should be of clear plexiglass or acrylic, and shall not be located in any tree buffer required under Section 5.7(b) above.

(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 and from any adjacent Lot or Dwelling, and shall not be located in any tree buffer required under Section 5.7(b) above. 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 extent practicable, shall not be visible from the street, and shall not be located in any tree buffer required under Section 5.7(b) above.

(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 at the rear of a Dwelling, shall not be visible from any street, and shall not be located in the tree buffer required under Section 5.7(b) hereof.

6.21 **Pets and Animals.** No animals, livestock, birds or poultry of any kind shall be kept, raised or bred by any Owner upon any Lot or Dwelling or other portion of the Property; provided, however, that a reasonable number of the usual household pets may be kept and maintained on a Lot (but not exceeding two dogs and three cats) so long as they are not kept for breeding or commercial purposes and so long as they are kept within a fence or walled area on the Lot (including, without limitation, invisible fences) approved by the ARC and the Association, they are kept on a leash when outside such fenced or walled area, and they are kenneled inside the Dwelling each day between the hours of 9:00 p.m. and 7:00 a.m. local time. 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 or in any tree buffer required under Section 5.7(b) above; all such structures or areas shall be located at the rear of a Dwelling, shall not be visible from any street and shall be constructed of materials and of a size approved by the ARC and the Association. Dogs and cats shall not be allowed to roam unattended within the Development. 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 Association shall have the right from time to time to promulgate rules and regulations governing keeping the pets within the Development, including the right to assess fines for violations of such rules and regulations.

6.22 **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 Property 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 or 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 or Dwelling or other portion of the Property.

(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 and adjacent Lots and Dwellings by appropriate landscaping or fencing approved by the ARC and the Association; provided, however, that trash cans and containers can be moved to the side yard of any Dwelling on trash collection days for such Lot or Dwelling.

(c) Except as otherwise provided in Section 6.27(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 Property.

6.23 **Recreational Vehicles and Machinery and Equipment.**

(a) 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 and the Association. 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 6.19 above or in garages constructed in accordance with the provisions of Section 6.13 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 Property. 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 Property.

(d) Subject to the terms and conditions of the Master Covenants, the Association 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, 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.

6.24 **Signage.** All signs, billboards or advertising structures of any kind are prohibited except for signage structures made available by the Association to an Owner's real estate broker and to an Owner for the purpose of advertising a Lot or Dwelling for sale and for signage structures made available to the Association to the primary builder for the purpose of advertising the construction of the Dwelling. All such signage shall be purchased from the Association for a reasonable cost. The signs shall contain no more than the name of the broker or builder, telephone number, the name of the agent, and such other information as may be approved by the Association. The ARC and the Association shall have the right to enter any of the Property for the purpose of removing and destroying any unauthorized signs without recourse from any Owner or builder. All builder or contractor signs shall be promptly removed after completion of construction. So long as it owns any Lots within the Property, the Developer shall have the right to place any type of signs on or about the Property for the purpose of advertising the Property and/or the Development and promoting the sale of Lots.

6.25 **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.

6.26 **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 Association, (b) any detached garages or other structures which are approved

in writing by the ARC and the Association, (c) dog houses so long as such dog houses are visibly screened from view from all streets and are not located in any tree buffer required under Section 5.7(b) above, and (d) adjacent offices erected or placed on any part of the Property by Developer pursuant to Section 5.13 above.

6.27 **Construction of Improvements.**

(a) During the construction of any Improvements or Dwelling, (i) all Lots or Dwellings shall be maintained in a clean condition, free of debris and waste material, (ii) all unused construction materials shall be stored, to the extent practicable, out of view from any street 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 does not create a nuisance to other Owners or violate the laws, ordinance, 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 or Dwelling or any other portion of the Property. No Owner shall allow dirt, mud, gravel or other substances to collect or remain on any street. 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.

(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 6.5 above, are to be preserved.

(c) 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. 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.

(d) All Dwellings and any other Improvements shall be constructed in compliance with the Architectural Standards and 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 the Plans and Specifications for the Dwelling, the landscaping plan for the Lot, the Erosion Control Plan approved by the ARC and the Association, as well as any other applicable watershed protection or soil erosion requirements, and other governmental requirements, both during and after completion of construction of any Improvements on such Owner's Lot. In the event that the Owner or any of his contractors or agents shall be in violation of the aforesaid requirement, the Association or the ARC shall have the right to exercise any of the remedies set forth in Section 6.33 below. Further, the Owner shall indemnify and hold the Developer harmless from and against any liability the Developer may have as a result of the violation by the Owner or its builder, contractor, or other agent, of the terms, conditions or requirements of the Erosion Control Plan submitted by the Owner and approved by the ARC and the Association.

6.28 **Subdivision and Interval Ownership.** No Lot may be subdivided or resubdivided without the prior written approval of the Association; provided, however, that the provision of this Section 6.28 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.

6.29 **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 and the Association and the restrictions contained herein and in the Erosion Control Plan. Above-ground pools shall not be permitted. The Association 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 Property.

6.30 **Tree Buffer.** Each Owner shall continuously maintain the natural tree buffers described in Section 5.7 in accordance with the requirements thereof.

6.31 **Additional Regulations.** In addition to the restrictions set forth in this Declaration, (i) the ARC and the Association shall have the right, in its sole discretion, from time to time and at any time to adopt, modify and amend the Architectural Standards in order to impose such other, further or different requirements or restrictions which shall be binding on all Owners, Lots and

Dwellings, including the adoption of additional or more specific requirements and restrictions governing the improvement and use of any Lot or Dwelling and (ii) 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 Association, in its sole discretion, determines to be in the best interests of all Owners with respect to the use, maintenance and repair of the Common Areas in the Development, which rules and regulations shall be binding on all Owners, Lots and Dwellings.

6.32 **Variances**. The Association, 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 Association shall be in writing and, upon approval of the same by the Association, shall be evidenced by a written variance executed by the Chairman, President or a Vice President of the Association.

6.33 **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, quests, 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 do any or all of the following: (a) require cessation of 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, attorney's 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 6.2 of the Master Covenants, and if the same is not paid when due, shall bear interest and shall be subject to the lien provided for in Section 6.1 of the Master Covenants, and shall 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 the Master Covenants or this Declaration in Sections 5.14, 6.21, 6.27(d), 7.2(b), and 9.1 of this Declaration.

ARTICLE VII
MAINTENANCE RESPONSIBILITIES

7.1 **Responsibilities of Owners.**

(a) The maintenance and repair of all Lots, Dwellings, all other Improvements situated hereon 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 or its Lot or Dwelling, as the case may be, 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 finished 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 (including, without limitation, painting or finishing) without first obtaining the prior written approval of the same from the ARC and the Association.

(b) Each Lot or Dwelling, as the case may be, shall be landscaped in accordance with plans and specifications submitted to and approved by the ARC and the Association pursuant to Section 5.7 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 or Dwelling as described in Section 5.7(b) above) 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 7.1(b) shall apply to all portions of a Lot or Dwelling up to the edge of the pavement of any roadway or buffer area on or abutting such Lot or Dwelling and 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. 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, weed, rubbish, debris, garbage and waste material shall be promptly removed from any Lot or Dwelling and properly disposed of outside of the Development.

(c) No Owner shall (i) decorate, change or otherwise alter the appearance of any portion of the exterior of a Dwelling (including, without limitation, painting or finishing) or the landscaping, grounds or other improvements within a Lot

unless such decoration, change or alteration is first approved, in writing, by the ARC and the Association as provided in Sections 5.6 and 5.7 above or (ii) do any work which, in the reasonable opinion of the ARC or the Association, would jeopardize the soundness and safety of the Property, reduce the value thereof or impair any easement or hereditament thereto, without in every such case obtained the prior written approval of the ARC and the Association.

7.2 **Responsibilities of Association.**

(a) Except as may be otherwise provided herein to the contrary and in accordance with the provisions of the Master Covenants, 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 and Lakes. 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 or a Lake onto a Lot or Dwelling or (3) resulting from theft, burglary or other illegal entry into the Property or any Lot or Dwelling.

(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 Associations' 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 and shall constitute an individual Assessment to such Owner under Section 6.2 of the Master Covenants and shall be subject to the lien and foreclosure rights granted pursuant to Section 6.4 of the Master Covenants.

7.3 **Assessments.** 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) Common Area Assessments, as established and to be collected from all Owners as provided in Article VII of the Master Covenants, (b) Lake Assessments, to be established and collected from Owners as provided in Article VIII of the Master Covenants, and (c) individual Assessments against any particular Lot or Dwelling which are established or assessed pursuant to the terms of this Declaration or the Master Covenants. All Assessments, together with late charges and interest as provided in Section 6.4 of the Master Covenants, 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 6.4 of the Master Covenants. 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, except as provided in Section 6.5 of the Master Covenants in the case of the foreclosure of a Mortgage by an Institutional Mortgagee, 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 6.4 of the Master Covenants, 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.

ARTICLE VIII
TERM AND AMENDMENTS

8.1 **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 Property agreeing to terminate or modify this Declaration has been recorded in the Probate Office of Shelby County, Alabama, provided, however, that the Master Covenants and 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.

8.2 **Amendment by Developer.** For so long as there is any Lot without a Dwelling constructed thereon within the Property, 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 8.4 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 the Owners so affected (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 Institutional Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Institutional Mortgagees affected thereby. Any amendment made pursuant to this Section 8.2 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 8.2 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 Property 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 Institutional Mortgagee in order to enable such Institutional 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 or within the Property.

8.3 **Amendments by Owners.** Amendments to this Declaration, other than those authorized by Section 8.2 above, shall be proposed and adopted by the Owners in the following manner:

(a) An amendment to this Declaration may be proposed by written petition executed by more than ten percent (10%) of the Owners. Any such proposed amendment must be approved by the Owners at a meeting held after written notice stating the purpose of the meeting has been mailed to the Owners at their Lot addresses. The Owners holding at least two-thirds (2/3) of the Lots shall be required to approve any such amendment; provided, however, that (i) any amendment which materially and adversely alters or changes the rights to the use and enjoyment of a Lot or Dwelling, or materially and adversely affects the title to any Lot or Dwelling must be approved by the Owners so affected; (ii) any amendment which materially and adversely affects the security, title or interest of any Institutional Mortgagee must be approved by such Institutional Mortgagee, (iii) during any period in which Developer owns a Lot or Dwelling in the Property, then Developer must approve such proposed amendment and (iv) to the extent the proposed amendment affects any of the matters described in Section 8.4 below, then the provisions of Section 8.4 below shall be applicable to such proposed amendment.

(b) Any and all amendments which have been approved in accordance with the provisions of Section 8.3(a) above shall be executed by all Owners holding at least two-thirds (2/3) of the total Lots. Any such amendment shall be effective upon recording of the same in the Probate Office of Shelby County, Alabama.

8.4 **Restrictions on Amendment.** Notwithstanding anything provided in the Declaration to the contrary, in no event may any amendment to Sections 2.2, 2.3, 2.6, 3.1, 3.2, 3.3, 5.2, 5.7(b), 5.8, 5.9, 5.10, 5.11, 5.14, 6.1, 6.2, 6.7, 6.24, 6.27, 6.32, 6.33, 7.3, 8.2, 8.3, 8.4, 9.1 and 10.1 hereof be effective unless the same is consented to in writing by the Association. The consent of the Association to any such proposed amendment may be withheld in the sole discretion of Developer, with or without any reason, so long as the Developer maintains control of the Association in accordance with the provisions of the Master Covenants.

ARTICLE IX
ENFORCEMENT

9.1 **Master Covenants and the Association.** The Master Covenants have been established to provide for the maintenance, management and regulation of the Common Areas and Lakes in the Development (which includes the Property); to create the Association as the entity responsible for such maintenance, management and regulation of the Common Areas and further as the entity responsible for enforcing the terms and provisions of the Master Covenants, the provisions of this Declaration and the provisions of any protective or restrictive covenants which may in the future be placed against any property added to the Development in accordance with the Master Covenants; and to provide Assessments against the Owners of Lots within the Development to enable the Association to fulfill such obligations. The Master Covenants should be read in conjunction with this Declaration and in the event that there is any conflict in the provisions of this Declaration and the Master Covenants with respect to the Property, the provisions of the Master Covenants shall govern and prevail. Further, the ARC and the Association in some cases are severally vested with authority to enforce the provisions of this Declaration, and in such instances the Association shall have the first right and privilege to take the actions authorized hereunder to the exclusion of the ARC. The Association and the ARC shall advise and reasonably cooperate with each other when either of them proposes to take any such action in order to avoid the duplication of enforcement efforts hereunder.

9.2 **Authority and Enforcement.** In addition to the provisions of Sections 5.14, 6.21, 6.27(d), 6.33, 7.2(b) and 7.3 above, in the event any Owner or Occupant or their respective agents, contractors invitees, violates any of the provisions of this Declaration, the Architectural Standards, or any rules and regulations adopted by the ARC and the Association from time to time, the ARC and the Association shall have the power to impose reasonable monetary fines which shall constitute an individual Assessment under Section 6.2 of the Master Covenants; and an equitable charge and a continuing lien upon the Lot or Dwelling and enforceable in accordance with Section 6.4 of the Master Covenants; and shall be a personal obligation of such Owner which is guilty of such violation.

9.3 **Procedure.** In the event any of the terms or provisions of this Declaration, the Architectural Standards, or any rules and regulations of the ARC and the Association are violated by any Owner or Occupant, or the respective agents, contractors or invitees of any Owner or Occupant, neither the ARC nor the Association shall impose a fine pursuant to Section 9.2 above unless written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violations which demand shall specify:

(i) The alleged violation;

(ii) The action required to abate such violation; and

(iii) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the Architectural Standards, or any of the rules and regulations of the ARC and the Association may result in the imposition of sanctions. The foregoing procedure shall only be applicable to the enforcement rights specified in Section 9.1 above and shall not apply to the exercise of any of the rights and remedies specified in any other section or provision of this Declaration.

9.4 **Nonexclusive Remedies.** Notwithstanding anything provided to the contrary in this Declaration, the authority, enforcement and procedural rights set forth in this Article IX are in addition to and shall not be deemed to limit the other rights and remedies set forth in this Declaration or which the ARC, the Developer, the Association, or any Owner, would have the right to exercise at law or in equity.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 **Control by Developer. NOTWITHSTANDING ANYTHING PROVIDED TO THE CONTRARY IN THIS DECLARATION, THE MASTER COVENANTS, OR IN ANY OTHER DOCUMENT OR INSTRUMENT RELATING TO THE PROPERTY, DEVELOPER HEREBY RETAINS THE RIGHT TO APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE ARC AS PROVIDED BY AND FOR THE PERIOD OF TIME SET FORTH IN SECTION 5.2 ABOVE.** Each Owner, by acceptance of a deed or other conveyance of any interest in a Lot or Dwelling, agrees that Developer shall have the authority to appoint and remove members of the ARC and its committees in accordance with the foregoing provisions of this Section 10.1 and the provisions of Section 5.2 above. At such time as there is no Lot without a Dwelling constructed thereon within the Property, or the Developer

terminates its exclusive voting rights, whichever shall first occur, a special meeting of the Owners shall be called in accordance with Section 5.3 above, at which time the Owners shall elect a new ARC which shall undertake the responsibilities of the ARC and Developer shall deliver all books, accounts and records of the ARC, if any, which Developer has in its possession.

10.2 **Legal Expenses.** In addition to the rights and remedies set forth in Sections 5.14, 6.21, 6.27, 6.33, 7.2(b), 7.3 and in Article IX above, in the event either the ARC or the Association, or their respective agents or representatives, undertakes 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 as an individual Assessment under Section 6.2 of the Master Covenants. The ARC, its agents and representatives, and the Association, its 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 either the ARC or the Association to cure such violation or breach.

10.3 **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.

10.4 **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.

10.5 **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.

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

10.7 **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.

10.8 **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.

10.9 **Interpretation.** In all cases, the provisions set forth and provided for in this Declaration shall be construed together and give that interpretation or construction which, in the opinion of Developer, the Association, or the ARC, as the case may be, 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.

10.10 **Rights of Third Parties.** This Declaration shall be recorded for the benefit of Developer, ARC, the Association, the Owners and their respective Mortgagees, and Occupants and by such recording, no other adjoining property owner or third party shall have any right, title or interest whatsoever in the Property of 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 other than as provided in the Master Covenants.

10.11 **No Trespass.** Whenever the Association, Developer, the ARC and their respective agents, employees, representatives, successors and assigns, are permitted by this Declaration or the Master Covenants 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.

10.12 **No Partition.** Each Owner hereby waives any right to seek or obtain judicial partition of any portion of the Property.

10.13 **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.

10.14 **Standards for Review.** Whenever in this Declaration the 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.

10.15 **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.

10.16 **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 the street addresses of their Lots or such other address as has been designated in writing. All notices to the Developer, the Association or to the ARC shall be delivered or sent in care of Developer to the following address:

Highland Lakes Development, Ltd.
c/o Eddleman Properties, Inc.
2700 U.S. Highway 280, Suite 325
Birmingham, Alabama 35223

or to such other address as the Developer, 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.

10.17 **Assignment.** Subject to the provisions of Section 10.13 above, Developer, the ARC, and the Association 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, the ARC, and the Association, respectively.

10.18 **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.

10.19 **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.

10.20 **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 Billy D. Eddleman.

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

HIGHLAND LAKES DEVELOPMENT, LTD.,
an Alabama limited partnership

By: EDDLEMAN PROPERTIES, INC.,
an Alabama corporation,
Its General Partner

By: _____
Billy D. Eddleman, Chairman and Chief Executive Officer

By: _____
Douglas D. Eddleman, President

HIGHLAND LAKES RESIDENTIAL ASSOCIATION, INC., an Alabama corporation

By: _____

Its: PRESIDENT

STATE OF ALABAMA)
COUNTY OF SHELBY)

I, the undersigned, a notary public in and for said County in said State, hereby certify that Billy D. Eddleman, whose name as Chairman and Chief Executive Officer of EDDLEMAN PROPERTIES, INC., an Alabama corporation, which serves as general partner of HIGHLAND LAKES DEVELOPMENT, LTD., 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 10 day of March 1997.

_____
Notary Public

My Commission
expires 02/03/2001

STATE OF ALABAMA)
COUNTY OF SHELBY)

I, the undersigned, a notary public in and for said County in said State, hereby certify that Douglas D. Eddleman, whose name as President of EDDLEMAN PROPERTIES, INC., an Alabama corporation, which serves as general partner of HIGHLAND LAKES DEVELOPMENT, LTD., 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 10 day of March 1997.

_____
Notary Public

My Commission
expires 02/03/2001

STATE OF ALABAMA)
COUNTY OF SHELBY)

I, the undersigned, a notary public in and for said County in said State, hereby certify that Douglas D. Goldstein whose name as President of HIGHLAND LAKES RESIDENTIAL ASSOCIATION, INC., an Alabama 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 said instrument, he, as such officer with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 10 day of March 1997.

Rebecca K. Rosh
Notary Public

My Commission
expires 02/03/2001

This instrument prepared by:

Wendy L. Cornett
Burr & Forman, LLP
420 North 20th Street, Suite 3100
Birmingham, Alabama 35203

CONSENT OF LENDER

Compass Bank (formerly Central Bank of the South) as the holder and owner of the mortgage securing the property made subject to the above and foregoing Declaration of Covenants, Conditions and Restrictions for Highland Lakes, a Residential Subdivision, Third Sector, Phase Two, does hereby consent to the filing of the Declaration and does hereby agree that said property shall remain subject to the terms and conditions of the Declaration if the Bank should succeed to the interest of the Developer of the Property by foreclosure of its mortgage by accepting a deed in lieu of the foreclosure.

IN WITNESS WHEREOF, the undersigned has duly executed this consent on this 11th day of March, 1997.

COMPASS BANK

By: J. R. Miller
Its: Vice President

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Jim Miller whose name as Vice President of Compass Bank, an Alabama bank, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing consent, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and official seal of office this 11 day of March, 1997.

Rebecca K. Rosado
Notary Public

My Commission expires 02/03/200

This instrument was prepared by Wendy L. Cornett, 420 North 20th Street, Suite 3100, Birmingham, Alabama 35203.

My Commission expires 02/03/2001

422716.1

Inst # 1997-07973

27 03/14/1997-07973
12:27 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
027 MCD 74.50