

STATE OF ALABAMA )  
COUNTY OF SHELBY )

Inst # 1999-24249

06/09/1999-24249  
03:07 PM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE

**RECIPROCAL USE AGREEMENT**

THIS RECIPROCAL USE AGREEMENT is made and entered into as of the 1st day of June, 1999 by and between NORTH LAKE AT GREYSTONE OWNER'S ASSOCIATION, INC., an Alabama nonprofit corporation ("North Lake Association"), and THE COVE OF GREYSTONE HOMEOWNERS' ASSOCIATION, INC., an Alabama nonprofit corporation (the "Cove Association").

**RECITALS:**

North Lake Association is the owner of the Lake, as hereinafter defined, and Cove Association is the owner of the Swim and Tennis Facilities, as hereinafter defined.

North Lake desires to grant to all of the members of the Cove Association non-exclusive access and use rights with respect to the Lake subject to the terms and provisions of this Agreement. Cove Association desires to grant to all members of the North Lake Association non-exclusive use and access rights to the Swim and Tennis Facilities subject to the terms and provisions of this Agreement.

North Lake Association also desires to grant to the owners of those portions of the Cove Property, as hereinafter defined, certain exclusive easement rights with respect to those portions of the Cove Property, as hereinafter defined, which are situated directly adjacent to the Lake.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

**ARTICLE I**

**DEFINITIONS**

**1.01 Definitions.** As used throughout this Agreement, the following terms shall have the meanings set forth below:

(a) **Agreement.** The term "Agreement" shall mean and refer to this Reciprocal Use Agreement, together with any and all amendments and modifications thereto.

(b) **Allowable Lake Maintenance Fee Increase.** The term "Allowable Lake Maintenance Fee Increase" shall have the meaning set forth in Section 2.03(b) hereof.

(c) **Allowable Swim and Tennis Maintenance Fee Increase.** The term "Allowable Swim and Tennis Maintenance Fee Increase" shall have the meaning set forth in Section 3.03(b) hereof.

(d) **Cove.** The term "Cove" shall mean and refer to Greystone Cove, LLC, an Alabama limited liability company, its successors and assigns.

(e) **Cove Association.** The term "Cove Association" shall mean and refer to The Cove of Greystone Homeowners' Association, Inc., an Alabama nonprofit corporation, its successors and assigns.

(f) **Cove Declaration.** The term "Cove Declaration" shall mean and refer to The Cove of Greystone Declaration of Covenants, Conditions and Restrictions dated as of October 1, 1998, and recorded as Instrument #1998-38836 in the Office of the Judge of Probate of Shelby County, Alabama, as the same may be amended and modified from time to time.

(g) **Cove Members.** The term "Cove Members" shall mean and refer to all members in Good Standing of the Cove Association; provided, however, that, for the purposes of this Agreement, the term "Cove Members" shall be limited to those Persons who own real property subject to the terms and provisions of the Cove Declaration.

(h) **Cove Property.** The term "Cove Property" shall mean and refer to that certain real property situated in Shelby County, Alabama which is more particularly described in Exhibit A attached hereto and incorporated herein by reference.

(i) **Good Standing.** The term "Good Standing" shall mean and refer to either a Cove Member or a North Lake Member who, at all times, is in compliance with all of the (i) Swim and Tennis Rules and Regulations and Lake Rules and Regulations, as the same may be applicable to such Person and (ii) terms and provisions of either the Cove Declaration or the North Lake Declaration, as the same may be applicable to such Person.

(j) **Lake.** The term "Lake" shall mean and refer to that certain real property situated in Shelby County, Alabama containing approximately 21.257 acres, more or less, owned by North Lake Association which is more particularly described in Exhibit B attached hereto and incorporated herein by reference.

(k) **Lake Budget.** The term "Lake Budget" shall mean and refer to the annual budget for the Lake Expenses to be adopted each calendar year by the North Lake Association.

(l) **Lake Expenses.** The term "Lake Expenses" shall mean and refer to all costs, expenses and other amounts to be paid, incurred or reserved by the North Lake Association in connection with the ownership, maintenance, operation and repair of the Lake and all improvements, amenities and facilities related thereto, including, without limitation, the following:

(i) salaries, fringe benefits and other compensation paid and out-of-pocket expenses reimbursed by the North Lake Association for its employees, agents and third party contractors performing services relating to the ownership, maintenance, operation and repair of the Lake and all improvements, amenities and facilities related thereto;

(ii) legal and accounting fees incurred in connection with the ownership, maintenance, operation and repair of the Lake and all improvements, amenities and facilities thereto;

(iii) utility charges for any utilities serving any portion of the Lake and all improvements, amenities and facilities relating thereto and trash collection and security services for the same;

(iv) the cost of any insurance policies purchased by the North Lake Association with respect to the Lake including, without limitation, fire, flood and other casualty coverage with respect to any insurable improvements, amenities and facilities constructed in or upon the Lake and public liability coverage in the minimum amounts required by the terms and provisions of this Agreement;

(v) ad valorem real and personal property taxes assessed and levied upon the Lake and any improvements, amenities and facilities relating thereto;

(vi) the costs and expenses for conducting recreational, cultural and other related programs for the benefit of the Cove Members and the North Lake Members in or upon the Lake or any improvements, amenities and facilities related thereto;

(vii) any and all other fees, costs and expenses incurred by North Lake Association in connection with the ownership, maintenance, operation and repair of the Lake and all improvements, amenities and facilities relating thereto; and

(viii) the establishment and maintenance of a reasonable reserve fund or funds to cover (1) emergencies and repairs required as a result of any casualty which is not funded by insurance proceeds, (2) unforeseen operating contingencies or deficiencies as well as for emergency expenditures relating to the ownership, maintenance, operation and repair of the Lake and all improvements, amenities and facilities related thereto and (3) expenditures relating to the replacement of any improvements, amenities or facilities relating to the Lake.

(m) **Lake Maintenance Fees.** The term "Lake Maintenance Fees" shall mean an amount equal to fifty percent (50%) of the Lake Expenses set forth in the Lake Budget for the 2000 calendar year subject to (i) annual increase beginning January 1, 2001 and each January 1 thereafter in an amount not to exceed the Allowable Lake Maintenance Fee Increase and (ii) increases as provided in Section 2.03(c) and 2.03(d) below, but only to the extent mutually approved by both the Cove Association and the North Lake Association.

(n) **Lake Rules and Regulations.** The term "Lake Rules and Regulations" shall mean and refer to those certain rules and regulations applicable to the Lake which are attached hereto as Exhibit C and incorporated herein by reference, together with any and all amendments and modifications thereto adopted in accordance with the terms and provisions of the Lake Rules and Regulations.

(o) **North Lake Association.** The term "North Lake Association" shall mean and refer to North Lake at Greystone Owner's Association, Inc., an Alabama nonprofit corporation, its successors and assigns.

(p) **North Lake Declaration.** The term "North Lake Declaration" shall mean and refer to the Greystone Farms North Declaration of Covenants, Conditions and Restrictions dated as of April 30, 1996 and recorded as Instrument #1996-17498 in the Office of the Judge of Probate of Shelby County, Alabama, together with all subsequent amendments and modifications thereto.

(q) **North Lake Members.** The term "North Lake Members" shall mean and refer to all members in Good Standing of the North Lake Association; provided, however, that, for the purposes of this Agreement, the term "North Lake Members" shall be limited to those Persons who own real property subject to the terms and provisions of the North Lake Declaration.

(r) **Person.** The term "Person" shall mean and refer to natural persons and organizations (whether created by the laws of the State of Alabama or another state or foreign country), including, without limitation, general partnerships, limited partnerships, limited liability companies, corporations, professional corporations, professional associations, trustees, personal representatives, fiduciaries, or persons performing in any similar capacity, trust, business trust, estates, custodianships and other associations.

(s) **Swim and Tennis Budget.** The term "Swim and Tennis Budget" shall mean and refer to the annual budget for all Swim and Tennis Expenses to be adopted each calendar year by the Cove Association.

(t) **Swim and Tennis Expenses.** The term "Swim and Tennis Expenses" shall mean and refer to all costs, expenses and other amounts to be paid, incurred or reserved by the Cove Association in connection with the ownership, maintenance, operation and repair of the Swim and Tennis Facilities and all improvements, amenities and facilities related thereto, including, without limitation, the following:

(i) salaries, fringe benefits and other compensation paid and out-of-pocket expenses reimbursed by the Cove Association for its employees, agents and third party contractors performing services relating to the ownership, maintenance, operation and repair of the Swim and Tennis Facilities and all improvements, amenities and facilities related thereto;

(ii) legal and accounting fees incurred in connection with the ownership, maintenance, operation and repair of the Swim and Tennis Facilities and all improvements, amenities and facilities thereto;

(iii) utility charges for any utilities serving any portion of the Swim and Tennis Facilities and all improvements, amenities and facilities relating thereto and trash collection and security services for the same;

(iv) the cost of any insurance policies purchased by the Cove Association with respect to the Swim and Tennis Facilities including, without limitation, fire, flood and other casualty coverage with respect to any insurable improvements, amenities and facilities constructed in or upon the Swim and Tennis Facilities and public liability coverage in the minimum amounts required by the terms and provisions of this Agreement;

(v) ad valorem real and personal property taxes assessed and levied upon the Swim and Tennis Facilities and any improvements, amenities and facilities relating thereto;

(vi) the costs and expenses for conducting recreational, cultural and other related programs for the benefit of the Cove Members and the North Lake Members in or upon the Swim and Tennis Facilities or any improvements, amenities and facilities related thereto;

(vii) any and all other fees, costs and expenses incurred by the Cove Association in connection with the ownership, maintenance, operation and repair of the Swim and Tennis Facilities and all improvements, amenities and facilities relating thereto; and

(viii) the establishment and maintenance of a reasonable reserve fund or funds to cover (1) emergencies and repairs required as a result of any casualty which is not funded by insurance proceeds, (2) unforeseen operating contingencies or deficiencies as well as for emergency expenditures relating to the ownership, maintenance, operation and repair of the Swim and Tennis Facilities and all improvements, amenities and facilities related thereto and (3) expenditures relating to the replacement of any improvements, amenities or facilities relating to the Swim and Tennis Facilities.

(u) **Swim and Tennis Facilities.** The term "Swim and Tennis Facilities" shall mean and refer to the two (2) tennis courts, swimming pool and pavilion situated on that certain real property in Shelby County, Alabama owned by the Cove Association which is more particularly described in Exhibit D attached hereto and incorporated herein by reference.

(v) **Swim and Tennis Maintenance Fees.** The term "Swim and Tennis Maintenance Fees" shall mean an amount equal to fifty percent (50%) of the Swim and Tennis Expenses set forth in the Swim and Tennis Budget for the 2000 calendar year subject to (i) annual increase beginning January 1, 2001 and each January 1 thereafter in an amount not to exceed the Allowable Swim and Tennis Maintenance Fee Increase and (ii) increases as provided in Section 3.03(c) and 3.03(d) below, but only to the extent mutually approved by both the Cove Association and the North Lake Association.

(w) **Swim and Tennis Rules and Regulations.** The term "Swim and Tennis Rules and Regulations" shall mean and refer to those rules and regulations attached hereto as Exhibit E and incorporated herein by reference applicable to the Swim and Tennis Facilities, together with any and all amendments and modifications thereto adopted in accordance with the terms and provisions of the Swim and Tennis Rules and Regulations.

**1.02 Rules of Construction.** For the purposes of this Agreement, except as otherwise expressly provided herein to the contrary or unless the context otherwise requires:

(a) Words of masculine, feminine or neuter gender include the correlative words of other genders. Singular terms include the plural as well as the singular and vice versa.

(b) All references herein to designated "Articles," "Sections" and other subdivisions or to lettered Exhibits are to the designated Articles, Sections and subdivisions hereof and the Exhibits annexed hereto unless expressly otherwise designated in context. All Article, Section, other subdivision and Exhibit captions herein are used for convenience of reference only and do not limit or describe the scope or intent of, or in any way affect, this Agreement.

(c) The terms "include", "including", and similar terms shall be construed as if followed by the phrase "without being limited to".

(d) The terms "herein", "hereof", "hereunder" and "below" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision or Exhibit.

(e) All Recitals set forth in, and all Exhibits to, this Agreement are hereby incorporated in this Agreement by reference.

(f) All references in this Agreement to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

## ARTICLE II

### USE RIGHTS WITH RESPECT TO LAKE

**2.01 Grant of Easement.** Subject to the terms and provisions of Sections 4.01 and 4.02 below, North Lake Association does hereby grant to each Cove Member a permanent, perpetual and non-exclusive easement over, across and upon and the right to use the Lake, in common with all of the North Lake Members and their respective heirs, executors, personal representatives, successors and assigns.

**2.02 Lake Rules and Regulations.** The easement and use rights granted pursuant to Section 2.01 above, shall be used subject to and in accordance with all of the terms and provisions of the Lake Rules and Regulations. The Lake Rules and Regulations shall be applied and enforced on a uniform basis against all Cove Members and all North Lake Members. In the event any Cove Member or North Lake Member violates any of the Lake Rules and Regulations, then the use rights granted relative to the Lake for such Member are subject to suspension or forfeiture as provided in Section 4.01 below and the Lake Rules and Regulations.

**2.03 Lake Maintenance Fees.**

(a) In consideration of the grant by North Lake Association to the Cove Members of the easements and right to use the Lake pursuant to Section 2.01 above, the Cove Association covenants and agrees to pay to the North Lake Association the Lake Maintenance Fees each calendar year commencing January 1, 2000 and each subsequent calendar year thereafter; provided, however, that for the period of time from and including June 1, 1999 through December 31, 1999, the Cove Association agrees to pay to the North Lake Association on June 1, 1999 an amount equal to \$1,691.67 as the agreed upon prorata amount due from the Cove Association for such period of time. Cove Association covenants and agrees to pay the Lake Maintenance Fees to the North Lake Association no later than May 1 of each year, commencing May 1, 2000.

(b) On or before January 1, 2000, the North Lake Association shall adopt the Lake Budget for the 2000 calendar year and shall provide a written copy of the same to the Cove Association. The Cove Association covenants and agrees to pay to the North Lake Association fifty percent (50%) of the total amount set forth in the calendar year 2000 Lake Budget as the calendar year 2000 Lake Maintenance Fees payable by the Cove Association. Commencing on January 1, 2001 and each January 1 thereafter, the Lake Maintenance Fees are subject to annual increase, as determined by the North Lake Association as a result of projected increases in Lake Expenses, in an amount not to exceed the greater of either (the "Allowable Lake Maintenance Fee Increase"): (i) ten percent (10%) of the Lake Maintenance Fees paid by the Cove Association in the immediately preceding calendar year or (ii) the percentage increase in the United States Consumer Price Index, All Urban Consumers, United States City Average, All Items (1982-1984 = 100), or any successor index thereto, for November of the immediately preceding year over the index for November of 1999.

(c) In the event the projected Lake Expenses set forth in any applicable Lake Budget in any year will exceed the Allowable Lake Maintenance Fee Increase for the then applicable year, then any such increase in the Lake Maintenance Fees and the Lake Budget for the then applicable year must be unanimously approved by both the North Lake Association and the Cove Association. To the extent such Lake Budget and the increase in the Lake Maintenance Fees are not unanimously approved by both the North Lake Association and the Cove Association, then the Lake Maintenance Fees for the then current year shall in no event exceed the Allowable Lake Maintenance Fee Increase for such year.

(d) If, in any year, the Lake Maintenance Fees paid by the Cove Association to the North Lake Association and those portions of the assessments paid by the North Lake Members pursuant to the North Lake Declaration which are allocable to the Lake Expenses are inadequate or insufficient to fully pay (i) all Lake Expenses for the then current year and (ii) any costs or expenses to repair or replace the Lake and any improvements, amenities or facilities relating thereto which are damaged or destroyed by fire or other casualty which cannot be appropriated from a reserve fund or which are not paid for in full from the proceeds of any insurance received by the North Lake Association, then, in either event, the North Lake Association and the Cove Association may mutually agree to a special assessment to the Cove Members and the North Lake Members (subject to the satisfaction of any of the terms and provisions of the Cove Declaration and North Lake Declaration, as applicable, regarding special assessments) which,

if approved as provided in the Cove Declaration and the North Lake Association, shall be paid one-half (1/2) by the Cove Association and one-half (1/2) by the North Lake Association.

(e) If, in any year, the amount paid by the Cove Association as Lake Maintenance Fees and the amounts collected by the North Lake Association from North Lake Members as annual assessments under the North Lake Declaration which are allocable to Lake Expenses are greater than the actual Lake Expenses incurred for the then applicable year, then the excess shall be retained by North Lake Association as a reserve for subsequent years' Lake Expenses and shall be utilized solely for Lake Expenses.

**2.04 Maintenance of Lake.** North Lake Association does hereby covenant and agree with Cove Association that North Lake Association will at all times maintain the Lake in good repair and condition at its sole cost and expense (subject to its receipt of the then applicable Lake Maintenance Fees from Cove Association). North Lake Association covenants and agrees to at all times maintain fire and extended coverage insurance in an amount equal to the full replacement value for all improvements, amenities and related facilities forming a part of the Lake. Furthermore, North Lake Association also covenants and agrees to at all times maintain commercial general liability insurance coverage in an amount of not less than \$1,000,000.00 per occurrence naming Cove Association as an additional insured thereunder.

**2.05 Grant of Easement to Cove Property Owners.**

(a) Subject to the rights reserved by North Lake Association pursuant to Section 2.05(b) below, North Lake Association does hereby grant to Cove, and the owners of those portions of the Cove Property situated adjacent to the Lake and their respective heirs, executors, personal representatives, successors and assigns, forever, a permanent, perpetual and exclusive easement over, across, through, upon and under a twenty (20) foot wide strip of land on that portion of the Lake lying parallel to and running along the common boundaries of the Lake and the Cove Property, which easement shall allow and be used for the exclusive use of the then owner of that portion of the Cove Property situated directly adjacent to such twenty (20) foot wide area of the Lake. Such easement area shall be used subject to all of the terms and provisions of the Lake Rules and Regulations.

(b) Notwithstanding anything provided in Section 2.05(a) above to the contrary, North Lake Association does hereby reserve for itself, its agents, employees, independent contractors, successors and assigns, a non-exclusive easement over, across, through and upon the 20-foot wide portion of the Lake upon which the easement granted pursuant to Section 2.05(a) above is located in order to undertake any reasonably required maintenance and repair activities thereon.

(c) North Lake Association does hereby acknowledge and agree that no paths, sidewalks, bridges, promenades, walkways or other improvements of any nature shall be constructed, installed or maintained by North Lake Association on or within the 20-foot easement area described in Section 2.05(a) above without the prior written consent of the then owner of that portion of the Cove Property abutting the Lake upon which any such proposed improvements are contemplated.

**ARTICLE III**

**USE RIGHTS WITH RESPECT TO SWIM AND TENNIS FACILITIES**

**3.01 Grant of Easement.** Subject to the terms and provisions of Sections 4.01 and 4.02 below, Cove Association does hereby grant to each North Lake Member a permanent, perpetual and non-exclusive easement over, across and upon and the right to use the Swim and Tennis Facilities, in common with all of the Cove Members and their respective heirs, executors, personal representatives, successors and assigns.

**3.02 Swim and Tennis Rules and Regulations.** The easement and use rights granted pursuant to Section 2.01 above, shall be used subject to and in accordance with all of the terms and provisions of the Swim and Tennis Rules and Regulations. The Swim and Tennis Rules and Regulations shall be applied and enforced on a uniform basis against all North Lake Members and all Cove Members. In the event any North Lake Member or Cove Member violates any of the Swim and Tennis Rules and Regulations, then the use rights relative to the Swim and Tennis Facilities for such Person are subject to suspension or forfeiture as provided in Section 4.01 below and the Swim and Tennis Rules and Regulations.

**3.03 Swim and Tennis Maintenance Fees.**

(a) In consideration of the grant by Cove Association to the North Lake Members of easements and rights to use to the Swim and Tennis Facilities pursuant to Section 3.01 above, the North Lake Association covenants and agrees to pay to the Cove Association the Swim and Tennis Maintenance Fees each calendar year commencing January 1, 2000 and each subsequent calendar year thereafter; provided, however, that for the period from and including June 1, 1999 through December 31, 1999, the North Lake Association agrees to pay to the Cove Association on June 1, 1999 an amount equal to \$13,212.50 as the agreed upon prorata amount due from the North Lake Association for such period of time. North Lake Association covenants and agrees to pay the Swim and Tennis Maintenance Fees to the Cove Association no later than May 1 of each year, commencing May 1, 2000.

(b) On or before January 1, 2000, the Cove Association shall adopt the Swim and Tennis Budget for the 2000 calendar year and shall provide a written copy of the same to the North Lake Association. The North Lake Association covenants and agrees to pay to the Cove Association fifty percent (50%) of the total amount set forth in the calendar year 2000 Swim and Tennis Budget as the calendar year 2000 Swim and Tennis Maintenance Fees payable by the North Lake Association. Commencing on January 1, 2001 and each January 1 thereafter, the Swim and Tennis Maintenance Fees are subject to annual increase, as determined by the Cove Association as a result of projected increases in Swim and Tennis Expenses, in an amount not to exceed the greater of either (the "Allowable Swim and Tennis Maintenance Fee Increase"): (i) ten percent (10%) of the Swim and Tennis Maintenance Fees paid by the North Lake Association in the immediately preceding calendar year or (ii) the percentage increase in the United States Consumer Price Index, All Offering Consumers, United States City Average, All Items (1982-1984 = 100), or any successor index thereto, for November of the immediately preceding year over the index for November of 1999.

(c) In the event the projected Swim and Tennis Expenses set forth in any applicable Swim and Tennis Budget in any year will exceed the Allowable Swim and Tennis Maintenance Fee Increase for the then applicable year, then any such increase in the Swim and Tennis Maintenance Fees and the Swim and Tennis Budget for the then applicable year must be unanimously approved by both the North Lake Association and the Cove Association. To the extent such Swim and Tennis Budget and the increase in the Swim and Tennis Maintenance Fees are not unanimously approved by both the North Lake Association and the Cove Association, then the Swim and Tennis Maintenance Fees for the then current year shall in no event exceed the Allowable Swim and Tennis Maintenance Fee Increase for such year.

(d) If, in any year, the Swim and Tennis Maintenance Fees paid by the North Lake Association to the Cove Association and those portions of the assessments paid by the Cove Members pursuant to the Cove Declaration which are allocable to the Swim and Tennis Expenses are inadequate or insufficient to fully pay (i) all Swim and Tennis Expenses for the then current year and (ii) any costs or expenses to repair or replace the Swim and Tennis Facilities and any improvements, amenities or facilities thereto which are damaged or destroyed by fire or other casualty which cannot be appropriated from a reserve fund or which are not paid for in full from the proceeds of any insurance received by the Cove Association, then the Cove Association and the North Lake Association may mutually agree to a special assessment to the North Lake Members and the Cove Members (subject to the satisfaction of any of the terms and provisions of the Cove Declaration and North Lake Declaration, as applicable, regarding special

assessments) which, if approved as provided in the Cove Declaration and the North Lake Association shall be paid one-half (1/2) by the Cove Association and one-half (1/2) by the North Lake Association.

(e) If, in any year, the amount paid by the North Lake Association as Swim and Tennis Maintenance Fees and the amounts collected by the Cove Association from Cove Members as annual assessments under the Cove Declaration which are allocable to Swim and Tennis Expenses are greater than the actual Swim and Tennis Expenses incurred for the then applicable year, then the excess shall be retained by Cove Association as a reserve for subsequent years' Swim and Tennis Expenses and shall be utilized solely for Swim and Tennis Expenses.

**3.04 Maintenance of Swim and Tennis Facilities.** Cove Association does hereby covenant and agree with North Lake Association that Cove Association will at all times maintain the Swim and Tennis Facilities in good repair and condition at its sole cost and expense (subject to its receipt of the then applicable Swim and Tennis Maintenance Fees from North Lake Association). Cove Association covenants and agrees to at all times maintain fire and extended coverage insurance in an amount equal to the full replacement value for all improvements, amenities and related facilities forming a part of the Swim and Tennis Facilities. Furthermore, Cove Association also covenants and agrees to at all times maintain commercial general liability insurance coverage in an amount of not less than \$1,000,000.00 per occurrence naming North Lake Association as an additional insured thereunder.

#### ARTICLE IV

#### DEFAULT AND REMEDIES

**4.01 Suspension and Forfeiture of Privileges.** In addition to the rights reserved or granted to the Cove Association and the North Lake Association in the Cove Declaration and the North Lake Declaration, respectively, in the event (a) any Cove Member violates any of the terms and provisions of the Lake Rules and Regulations, then the North Lake Association shall have the right, pursuant to the Lake Rules and Regulations to suspend the privileges of such Cove Member to utilize, or permanently expel such Cove Member from utilizing the Lake and the easements and rights granted to such Cove Member pursuant to Section 2.01 above and (b) any North Lake Member violates any of the terms and provisions of the Swim and Tennis Rules and Regulations, then the Cove Association shall have the right, pursuant to the Swim and Tennis Rules and Regulations, to suspend the privileges of such North Lake Member to utilize, or permanently expel such North Lake Member from utilizing, the Swim and Tennis Facilities and the easements and rights granted to such North Lake Member pursuant to Section 3.01 above. Exercise of the rights specified in this Section 4.01 by either the North Lake Association or the Cove Association:

(i) does not affect or reduce the obligations of the North Lake Association or the Cove Association to pay, or the amount of, the Swim and Tennis Maintenance Fees or the Lake Maintenance Fees payable hereunder by the North Lake Association or the Cove Association, respectively;

(ii) does not affect or reduce the obligations of the affected North Lake Member or Cove Member to pay any and all assessments pursuant to the North Lake Declaration or the Cove Declaration, respectively;

(iii) operates against only the individual North Lake Member or Cove Member subject to such suspension or forfeiture of privileges; and

(iv) shall not result in the suspension or forfeiture of privileges by any unrelated third party purchaser of the North Lake Property or Cove Property owned, respectively, by such affected North Lake Member or Cove Member.

#### **4.02 Default and Remedies.**

(a) In the event the Cove Association or the North Lake Association violates any of the terms or provisions of this Agreement or fails to perform its respective obligations hereunder (including, without limitation, the obligation of Cove Association to pay the Lake Maintenance Fees and of the North Lake Association to pay the Swim and Tennis Maintenance Fees) (collectively, a "Default"), then the non-defaulting party shall have the following rights and remedies:

(i) to the extent such Default involves the payment of money, the unpaid portion of such obligation shall bear interest at the rate of 18% per annum from and after the due date of such payment until the same has been paid in full;

(ii) if such Default continues for more than thirty (30) days following written notice of such Default, the non-defaulting party may, at its option, elect to cancel and terminate this Agreement in which event all of the terms and provisions of this Agreement (other than the terms and provisions of Section 2.05 above) shall automatically cease, terminate and be deemed null and void in which event neither the Cove Association or the Cove Members nor the North Lake Association or the North Lake Members shall be entitled to exercise any of the reciprocal easements and use rights granted pursuant to Sections 2.01 and 3.01 above nor shall the Cove Association or the Lake Association be obligated to pay Lake Maintenance Fees or Swim and Tennis Maintenance Fees, respectively, for any period of time after the effective date of the termination of this Agreement; provided, however, that nothing contained in this Section 4.02 shall be deemed to constitute a waiver or release by the non-defaulting party of any rights to recover any and all amounts payable by the defaulting party hereunder prior to the effective date of the termination of this Agreement; and, provided further, however, nothing contained herein shall be deemed to terminate the exclusive easement rights granted by North Lake Association to the Cove Property pursuant to Section 2.05 above; or

(iii) exercise all other rights and remedies available either at law or in equity to such non-defaulting party.

(b) In the event any party to this Agreement is in default, then, in addition to the foregoing rights and remedies, the non-defaulting party shall also be entitled to recover from the defaulting party any and all costs and expenses incurred by the non-defaulting party in enforcing any of the terms and provisions of this Agreement, including, without limitation, court costs and reasonable attorneys' fees.

### **ARTICLE V**

#### **MISCELLANEOUS PROVISIONS**

**5.01 Action by Associations.** Notwithstanding anything provided in the Cove Declaration or the North Lake Declaration to the contrary, all actions required or permitted to be taken under this Agreement by the Cove Association and the North Lake Association shall be taken and exercised by the Board of Directors of the Cove Association and the North Lake Association, respectively.

**5.02 Binding Effect.** Subject to the terms and provisions of Sections 4.01 and 4.02 above, (i) the easements and rights of use granted pursuant to this Agreement shall be and are covenants running with the land which shall be appurtenant easements in favor of each lot subject to the Cove Declaration or the North Lake Declaration and (ii) all of the terms, covenants, provisions, promises, conditions, rights and obligations granted, created or agreed to pursuant to this Agreement shall be binding

upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

**5.03 Entire Agreement.** This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and may be amended and modified only by the written consent of both the Cove Association and the North Lake Association.

**5.04 Severability.** If any provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, then the remainder of this Agreement 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.

**5.05 Conflicts, Ambiguity and Interpretation.** In the event of any conflict or ambiguity in the terms and conditions of this Agreement, the general rules of construction against one party as a result of that party having drafted this Agreement are hereby waived by all of the parties hereto 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 interrupting any such ambiguity or conflict. 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. Each of the parties hereto acknowledges that it has had the right to be represented by separate legal counsel in connection with this Agreement. The parties further acknowledge that each of them and their respective counsel has reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits hereto. The effective date of this Agreement shall be the date hereof. This Agreement shall be construed under and in accordance with the laws of the State of Alabama.

**5.06 Further Assurances.** In addition to the acts and deeds recited herein and contemplated to be performed, executed and delivered by the parties hereto, each party hereto agrees to perform, execute and deliver or cause to be delivered, executed and delivered, but without any obligation to incur any additional liability or expense, any and all further acts, deeds and assurances as may be reasonably necessary to consummate the transactions and obligations contemplated herein.

**5.07 Notices.** All notices required or permitted hereunder shall be in writing and shall be served on all of the parties hereto at the following addresses:

If to Cove Association:           The Cove of Greystone Homeowners' Association, Inc.  
400 Greystone Drive  
Birmingham, Alabama 35242  
Attention: Mr. M. Lewis Gwaltney  
Facsimile: (205) 443-4832

If to North Lake Association:   North Lake at Greystone Owner's Association, Inc.  
c/o Ingram, Hayes & Associates, Realtors, Inc.  
2336 20th Avenue South - Suite A  
Birmingham, Alabama 35223  
Attention: William L. Thornton, III or Patsy Stewart  
Facsimile: (205) 871-5644

Any such notices shall be deemed to be sufficiently given or served upon all parties hereto when either (a) sent by personal delivery to the address set forth above or (b) sent by telefax during regular business hours of any regular business day, in which case notice shall be deemed given upon transmission of such notice



STATE OF ALABAMA )

COUNTY OF SHELBY )

I, the undersigned, a notary public in and for said county in said state, hereby certify that M. Lewis Gwaltney Jr., whose name as President of THE COVE OF GREYSTONE HOMEOWNERS' ASSOCIATION, INC., an Alabama nonprofit corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 9th day of June, 1999.

*Donna Lynn Bonds*

Notary Public

My commission expires: 11/2/99

[NOTARIAL SEAL]

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

Stephen R. Monk, Esq.  
Bradley Arant Rose & White LLP  
2001 Park Place, Suite 1400  
Birmingham, Alabama 35203  
(205) 521-8429

***Exhibit A***

**LEGAL DESCRIPTION OF COVE PROPERTY**

Three parcels of land situated in Sections 26 and 27, Township 18 South, Range 1 West, Shelby County, Alabama, being more particularly described as follows:

**Parcel I: (Tract 5 - D)**

To locate the point of beginning commence at the southeast corner of Section 27, Township 18 South, Range 1 West, Shelby County, Alabama; thence South  $89^{\circ}35'37''$  West on the south boundary of said Section 27 a distance of 961.13 feet to a point; thence North  $30^{\circ}07'13''$  East a distance of 580.70 feet to a point; thence North  $36^{\circ}49'59''$  East a distance of 196.00 feet to the point of beginning; thence South  $10^{\circ}11'34''$  East a distance of 231.75 feet to a point; thence South  $57^{\circ}16'23''$  East a distance of 253.90 feet to a point; said point being on the northwest right-of-way of Dunavant Valley Road; thence North  $36^{\circ}48'15''$  East on the northwest right-of-way of Dunavant Valley Road a distance of 682.26 feet to a point; thence North  $53^{\circ}09'22''$  West a distance of 422.46 feet to a point; thence South  $36^{\circ}49'59''$  West a distance of 542.54 feet to the point of beginning. All lying and being in the SE  $\frac{1}{4}$  of the SE  $\frac{1}{4}$  of Section 27, and the SW  $\frac{1}{4}$  of the SW  $\frac{1}{4}$  of Section 26, Township 18 South, Range 1 West, Shelby County, Alabama and containing 6.436 acres

**Parcel II:**

A parcel of land situated in the SE  $\frac{1}{4}$  of the SE  $\frac{1}{4}$  of Section 27, Township 18 South, Range 1 West, Shelby County, Alabama, being more particularly described as follows:

Commence at the Southeast corner of said  $\frac{1}{4}$  -  $\frac{1}{4}$  section, thence run on an assumed bearing of South  $89^{\circ}35'37''$  West along the South line of said  $\frac{1}{4}$  -  $\frac{1}{4}$  section for a distance of 961.13 feet to a point; thence run North  $30^{\circ}07'13''$  East for a distance of 506.56 feet to an iron pin found at the point of beginning; thence continue along last stated course for a distance of 74.12 feet to a point; thence run North  $36^{\circ}49'59''$  East for a distance of 196.00 feet to a point; thence run South  $10^{\circ}11'34''$  East for a distance of 231.75 feet to a point; thence run South  $57^{\circ}16'23''$  East for a distance of 253.58 feet to a point on the Northwest right-of-way line of Dunnivant Valley Road; thence run South  $36^{\circ}48'51''$  West along said Northwest right-of-way line for a distance of 41.58 feet to a 2" capped iron found on a curve to the left having a radius of 5769.60 feet and a central angle of  $0^{\circ}19'52''$  an a radial bearing in of South  $53^{\circ}09'16''$  East; thence run in a Southwesterly direction along the arc of said curve and also along said Northwest right-of-way line for a distance of 33.34 feet to an iron pin found; thence run North  $60^{\circ}43'02''$  West for a distance of 417.55 feet to the point of beginning.

**Parcel III:**

Commence at the Southeast corner of said Section 27; thence run on an assumed bearing of South  $89^{\circ}35'37''$  West along the South line of said Section 27 for a distance of 703.82 feet to a point; thence run North  $00^{\circ}24'23''$  West for a distance of 436.36 feet to an iron pin set at the point of beginning; thence run North  $14^{\circ}41'35''$  East along the edge of a dam for a distance of 237.60 feet to an iron pin set that is approximately located 20 feet horizontally and above and outside of the normal pool elevation of a lake; thence run North  $3^{\circ}38'13''$  West 20 feet from and parallel to said lake for a distance of 99.22 feet to an iron pin set; thence run North  $25^{\circ}21'53''$  East 20 feet from and parallel to said lake for a distance of 116.08 feet to an iron pin set; thence run North  $45^{\circ}54'13''$  East 20 feet from and parallel to said lake for a distance of 114.18 feet to an iron pin set; thence run North  $87^{\circ}48'28''$  West 20 feet from and parallel to said lake for a distance of 206.16 feet to an iron pin set; thence run North  $50^{\circ}13'44''$  West 20 feet from and parallel to said lake for a distance of 87.64 feet to an iron pin set; thence run South  $30^{\circ}58'07''$  West 20 feet from and parallel to said lake for a distance of 79.14 to an iron pin set; thence South  $34^{\circ}22'59''$  West 20 feet from and parallel to said lake for a distance of 166.07 feet to an iron pin set; thence South  $46^{\circ}11'48''$  West 20 feet from and parallel to said lake for a distance of 87.08 feet to an iron pin set; thence South  $14^{\circ}40'49''$  West 20 feet from and parallel to said lake for a distance of 57.12 feet to an iron pin set; thence South  $19^{\circ}52'16''$  West 20 feet from and parallel to said lake for a distance of 67.49 feet to an iron pin set; thence South  $78^{\circ}17'30''$  West 20 feet from and parallel to said lake for a distance of 71.61 feet to an iron pin set; thence South  $50^{\circ}34'26''$  West 20 feet from and parallel to said lake for a distance of 89.01 feet to an iron pin set; thence run South  $86^{\circ}32'21''$  West 20 feet from and parallel to said lake for a distance of 67.52 feet to an iron pin set; thence run North  $37^{\circ}02'27''$  West 20 feet from and parallel to said lake for a distance of 60.91 feet to an iron pin set;

thence run North 5°13'39" West 20 feet from and parallel to said lake for a distance of 134.48 feet to an iron pin set; thence run North 19°14'51" East 20 feet from and parallel to said lake for a distance of 167.97 feet to an iron pin set; thence run North 13°12'28" East 20 feet from and parallel to said lake for a distance of 210.96 feet to an iron pin set; thence run North 9°33'09" West 20 feet from and parallel to said lake for a distance of 90.97 feet to an iron pin set; thence run South 59°07'27" West 20 feet from and parallel to said lake for a distance of 53.56 feet to an iron pin set; thence run South 25°47'36" West 20 feet from and parallel to said lake for a distance of 105.44 feet to an iron pin set; thence run South 31°11'39" West 20 feet from and parallel to said lake for a distance of 105.70 feet to an iron pin set; thence run South 64°48'50" West 20 feet from and parallel to said lake for a distance of 63.30 feet to an iron pin set; thence run North 26°18'02" West 20 feet from and parallel to said lake for a distance of 119.40 feet to an iron pin set; thence run North 43°45'08" West 20 feet from and parallel to said lake for a distance of 91.26 feet to an iron pin set; thence run North 28°06'04" West 20 feet from and parallel to said lake for a distance of 72.88 feet to an iron pin set; thence run South 66°23'36" West 20 feet from and parallel to said lake for a distance of 95.91 feet to an iron pin set; thence run South 10°50'18" East 20 feet from and parallel to said lake for a distance of 84.88 feet to an iron pin set; thence run South 10°02'02" East 20 feet from and parallel to said lake for a distance of 54.40 feet to an iron pin set; thence run South 7°43'58" West 20 feet from and parallel to said lake for a distance of 110.93 feet to an iron pin set; thence run South 75°40'35" West 20 feet from and parallel to said lake for a distance of 80.71 feet to an iron pin set; thence run South 31°01'44" East 20 feet from and parallel to said lake for a distance of 81.14 feet to an iron pin set; thence run South 58°08'36" East 20 feet from and parallel to said lake for a distance of 60.61 feet to an iron pin set; thence run South 35°46'45" East 20 feet from and parallel to said lake for a distance of 79.90 feet to an iron pin set; thence run North 89°50'24" West 20 feet from and parallel to said lake for a distance of 99.55 feet to an iron pin set; thence run South 46°40'26" West 20 feet from and parallel to said lake for a distance of 50.56 feet to an iron pin set; thence run South 01°49'10" West 20 feet from and parallel to said lake for a distance of 133.61 feet to an iron pin set; thence run South 9°22'52" East 20 feet from and parallel to said lake for a distance of 61.23 feet to an iron pin set; thence run South 65°20'00" West 20 feet from and parallel to said lake for a distance of 81.50 feet to an iron pin set; thence run North 78°49'27" West 20 feet from and parallel to said lake for a distance of 71.64 feet to an iron pin set; thence run North 43°30'02" West 20 feet from and parallel to said lake for a distance of 82.05 feet to an iron pin set; thence run North 56°58'12" West 20 feet from and parallel to said lake for a distance of 66.88 feet to an iron pin set; thence run North 60°30'12" West 20 feet from and parallel to said lake for a distance of 87.56 feet to an iron pin set; thence run North 66°52'01" West 20 feet from and parallel to said lake for a distance of 69.36 feet to an iron pin set; thence run South 61°38'34" West 20 feet from and parallel to said lake for a distance of 10.62 feet to an iron pin set; thence run North 55°43'23" West leaving said lake for a distance of 782.71 feet to an iron pin set; thence run North 34°16'24" East for a distance of 1676.78 feet to an iron pin found; thence run South 55°46'23" East for a distance of 235.12 feet to an iron pin found; thence run North 42°36'24" East for a distance of 1821.31 feet to an iron pin found; thence run South 00°57'49" East for a distance of 1191.76 feet to a ½" rebar found; thence run South 42°04'53" East for a distance of 199.85 feet to a ½" rebar found; thence run North 89°32'18" East for a distance of 289.50 feet to a 2" capped iron found on the East line of said Section 27; thence run South 01°37'07" West along said East line for a distance of 1,028.57 feet to a 2" capped iron found; thence run South 82°32'29" West for a distance of 121.35 feet to a concrete monument found; thence run South 65°11'48" East for a distance of 431.50 feet to a 2" capped iron found on the Northwest right of way line of Dunnivant Valley Road; thence run South 36°48'51" West along said Northwest right of way line for a distance of 328.71 feet to a 2" capped iron found; thence run North 53°09'22" West for a distance of 422.27 feet to a point; thence run South 36°49'59" West for a distance of 738.54 feet to a point; thence run South 30°07'13" West for a distance of 74.12 feet to the point of beginning.

Said Parcels I, II, and III containing 112.55 acres, more or less.

*Exhibit B*

**LEGAL DESCRIPTION OF LAKE**

To locate the point of beginning commence at the Southeast corner of Section 27, Township 18 South, Range 1 West, Shelby County, Alabama; thence run on an assumed bearing of said south section line of South 89°35'37" West a distance of 703.82 feet to a point; thence North 00°24'23" West a distance of 436.36 feet to THE POINT OF BEGINNING of a line that is approximately located 20 feet horizontally, above and outside of the normal pool elevation of a lake; thence North 14°41'35" East for a distance of 237.60 feet to a point; thence North 03°38'13" West for a distance of 99.22 feet to a point; North 25°21'53" East for a distance of 116.08 feet to a point; then North 45°54'13" East for a distance of 114.18 feet to a point; thence North 87°48'28" West for a distance of 206.16 feet to a point; thence North 50°13'44" West for a distance of 87.64 feet to a point; thence South 30°58'07" West for a distance of 79.14 feet to a point; thence South 34°22'59" West for a distance of 166.07 feet to a point; thence South 46°11'48" West for a distance of 87.08 feet to a point; thence South 14°40'49" West for a distance of 57.12 feet to a point; thence South 19°52'16" West for a distance of 67.49 feet to a point; thence South 78°17'30" West a distance of 71.61 feet to a point; thence South 50°34'26" West a distance of 89.01 feet to a point; thence South 86°32'21" West for a distance of 67.52 feet to a point; thence North 37°02'27" West a distance of 60.91 feet to a point; thence North 05°13'39" West for a distance of 134.48 feet to point; thence North 19°14'51" East for a distance of 167.97 feet to a point; thence North 13°12'28" East for a distance of 210.96 feet to a point; thence North 09°33'09" West for a distance of 90.97 feet to a point; thence South 59°07'27" West for a distance of 53.56 feet to a point; thence South 25°47'36" West for a distance of 105.44 feet to a point; thence South 31°11'39" West for a distance of 105.70 feet to a point; thence South 64°48'50" West for a distance of 63.30 feet to a point; thence North 26°18'02" West for a distance of 119.40 feet to a point; thence North 43°45'08" West for a distance of 91.26 feet to a point; thence North 28°06'04" West for a distance of 72.88 feet to a point; thence South 66°23'36" West for a distance of 95.91 feet to a point; thence South 10°50'18" East for a distance of 84.88 feet to a point; thence South 10°02'02" East for a distance of 54.40 feet to a point; thence South 07°43'58" West for a distance of 110.93 feet to a point; thence South 75°40'35" West for a distance of 80.71 feet to a point; thence South 31°01'44" East for a distance of 81.14 feet to a point; thence South 58°08'36" East for a distance of 60.61 feet to a point; thence South 35°46'45" East for a distance of 79.90 feet to a point; thence North 89°50'24" West for a distance of 99.55 feet to a point; thence South 46°40'26" West for a distance of 50.56 feet to a point; thence South 01°49'10" West for a distance of 133.61 feet to a point; thence South 09°22'52" East for a distance of 61.23 feet to a point; thence South 65°20'00" West for a distance of 81.50 feet to a point; thence North 78°49'27" West for a distance of 71.64 feet to a point; thence North 43°30'02" West for a distance of 82.05 feet to a point; thence North 56°58'12" West for a distance of 66.88 feet to a point; thence North 60°30'12" West for a distance of 87.56 feet to a point; thence North 66°52'01" West for a distance of 69.36 feet to a point; thence South 61°38'34" West for a distance of 92.20 feet to a point; thence South 15°02'10" East for a distance of 74.87 feet to a point; thence South 35°22'50" East for a distance of 130.94 feet to a point; thence North 84°05'46" East for a distance of 44.33 feet to a point; thence South 23°31'47" East for a distance of 62.39 feet to a point; thence South 39°29'29" East for a distance of 83.39 feet to a point; thence South 51°24'33" East for distance of 66.58 feet to a point; thence South 66°41'49" West for a distance of 28.33 feet to a point; thence South 65°56'14" West for a distance of 123.99 feet to a point; then South 56°31'11" West for a distance of 91.70 feet to a point; thence South 25°27'17" West for a distance of 88.98 feet to a point; thence South 38°43'46" West for a distance of 72.14 feet to a point; thence North 89°17'02" West for a distance of 81.19 feet to a point; thence South 35°46'19" West for a distance of 47.83 feet to a point; thence South 05°59'34" West for a distance of 85.45 feet to a point; thence South 17°00'08" West for a distance of 172.48 feet to a point; thence South 02°53'08" West for a distance of 157.93 feet to a point; thence North 68°05'35" East for a distance of 114.62 feet to a point; thence North 23°44'41" East for a distance of 76.47 feet to a point; thence North 38°14'38" East for a distance of 75.95 feet to a point; thence North 51°49'28" East for a distance of 130.64 feet to a point; thence North 39°22'05" East for a distance of 61.93 feet to a point; thence South 81°08'36" East for a distance of 73.89 feet to a point; thence North 20°24'21" East for a distance of 101.50 feet to a point; thence North 59°58'57" East for a distance of 52.50 feet to a point; thence North 47°40'59" East for a distance of 68.75 feet to a point; thence North 78°01'17" East for a distance of 58.99 feet to a point; thence North 74°17'18" East for a distance of 71.85 feet to a point; thence North 35°01'18" East for a distance of 63.19 feet to a point; thence North 55°39'42" East for a distance of 81.01 feet to a point; thence North 46°32'26" East for a distance of 81.96 feet to a point; thence North 51°16'00" East for a distance of 87.68 feet to a point; thence North 59°06'49" East for a distance of 94.80 feet to a point; thence North 72°44'56" East for a distance of 54.43 feet to a point; thence South 75°18'09" East for a distance of 60.44 feet to a point; thence North 44°36'54" East for a distance of 71.64 feet to a point; thence North 82°39'17" East for a distance of 145.79 feet to a point; thence North 88°18'14" East for a

distance of 49.69 feet to a point; thence South  $79^{\circ}53'36''$  East for a distance of 38.53 feet to a point; thence South  $65^{\circ}21'02''$  East for a distance of 39.05 feet to a point; thence South  $32^{\circ}32'43''$  East for a distance of 44.82 feet to a point; thence South  $12^{\circ}09'03''$  East for a distance of 46.73 feet to a point; thence South  $02^{\circ}32'33''$  East for a distance of 48.86 feet to a point; thence South  $48^{\circ}42'12''$  East for a distance of 48.48 feet to a point; thence North  $64^{\circ}29'54''$  East for a distance of 46.75 feet to a point; thence North  $33^{\circ}41'24''$  East for a distance of 45.17 feet to a point; thence North  $31^{\circ}33'18''$  East for a distance of 36.58 feet to a point; thence South  $78^{\circ}18'48''$  East for a distance of 22.58 feet to a point; thence North  $30^{\circ}06'30''$  East for a distance of 187.83 feet to a point; said point being the POINT OF BEGINNING of the herein described parcel, containing 21.257 acres, more or less.

Exhibit C

June 1, 1999

**RULES AND REGULATIONS  
FOR THE LAKE AT NORTH LAKE AT GREYSTONE**

The following constitute the Lake Rules and Regulations of the North Lake at Greystone Owner's Association, Inc., an Alabama nonprofit corporation (the "Association") which owns and maintains the Lake defined herein. All Members, their Immediate Family Members and their respective Guests shall abide by and comply with all of the following Rules and Regulations.

**I. Definitions and Other Terms**

1.01 **Definitions.** As used in these Lake Rules and Regulations, 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:

- (a) **Adult** shall mean an individual who is at least 19 years of age.
- (b) **ARC** shall mean the Architectural Review Committee established under the North Lake Declaration and each member thereof and their respective heirs, executors, personal representatives, successors and assigns.
- (c) **Cove Association** shall mean The Cove of Greystone Homeowners' Association, Inc., an Alabama nonprofit corporation, and its successors and assigns.
- (d) **Cove Board** shall mean the Board of Directors of the Cove Association.
- (e) **Cove Declaration** shall mean The Cove of Greystone Declaration of Covenants, Conditions and Restrictions dated as of October 1, 1998 and recorded as Instrument #1998-38836 in the Office of the Judge of Probate of Shelby County, Alabama, as the same may be amended from time to time.
- (f) **Cove Member** shall mean and refer to any Person who is a member in Good Standing of the Cove Association and who is also an owner of a lot subject to the Cove Declaration.
- (g) **Developer** shall mean Greystone Farms North, L.L.C., an Alabama limited liability company, and its successors and assigns.
- (h) **Governmental Authorities** shall have the meaning set forth in the North Lake Declaration.
- (i) **Guests** shall mean and refer to any individual other than a Member or an Immediate Family Member of a Member.
- (j) **Immediate Family Member** shall mean the spouse of any Member and their respective unmarried children who are under the age of 23 years.
- (k) **Lake** shall mean and refer to that certain real property situated in Shelby County, Alabama containing approximately 21.257 acres, more or less, owned by the North lake Association which is more particularly described in Exhibit B attached to the Reciprocal Use Agreement.
- (l) **Lake Facilities** shall mean and refer to the Lake and all improvements, amenities and facilities related thereto.
- (m) **Member** shall mean and refer to any North Lake Member and any Cove Member.
- (n) **North Lake Association** shall mean and refer to the North Lake at Greystone Owner's Association, Inc., an Alabama nonprofit corporation, and its successors and assigns.

(o) **North Lake Board** shall mean and refer to the Board of Directors of the North Lake Association.

(p) **North Lake Declaration** shall mean the Greystone Farms North Declaration of Covenants, Conditions and Restrictions dated as of April 30, 1996 and recorded as Instrument #1996-17498 in the Office of the Judge of Probate of Shelby County, Alabama, as the same has been or may be amended from time to time.

(q) **North Lake Member** means any Person who is a member in Good Standing of the North Lake Association and who is also an owner of a lot subject to the North Lake Declaration.

(r) **Reciprocal Use Agreement** mean that certain Reciprocal Use Agreement dated as of May 1, 1999 between the Cove Association and the North Lake Association to be recorded in the Office of the Judge of Probate of Shelby County, Alabama to which these Lake Rules and Regulations are attached as Exhibit C thereto.

1.02 **Other Defined Terms.** Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Reciprocal Use Agreement.

1.03 **Actions by North Lake Board.** Except for actions to be taken by the North Lake Board pursuant to Sections 2.02 and 2.13 below, the North Lake Board may designate one or more individuals who need not be members of the North Lake Board to take any action authorized to be taken herein by the North Lake Board.

## II. General Rules

2.01 **Alcoholic Beverages.** No alcoholic beverages shall be permitted on or served within any of the Lake Facilities.

2.02 **Amendments.** These Lake Rules and Regulations may be amended at any time and from time to time by the unanimous written consent of both the Cove Association and the North Lake Association, each acting through its respective Board of Directors.

2.03 **Children.** No children under twelve (12) years of age shall be allowed or permitted to enter upon any of the Lake Facilities unless accompanied by an Adult.

2.04 **Controlled Substances.** Controlled Substances (as defined by state and federal laws), other than those prescribed by a physician for medical reasons, are not permitted on or within the Lake Facilities.

2.05 **Damage to Property.** All Members will be held responsible for the conduct of their Immediate Family Members and their respective Guests while on or within the Lake Facilities and for their adherence to all of these Lake Rules and Regulations. Each Member shall be responsible and reimburse the North Lake Association or third parties for any damage to North Lake Association property (including any of the Lake Facilities) or to the property of others caused by such Member or the Immediate Family Members of such Member or their respective Guests.

2.06 **Fees and Assessments.** All North Lake Members shall pay annual assessments, special assessments and any individual assessments payable under the North Lake Declaration and all Cove Members shall pay annual assessments, special assessments and any individual assessments payable under the Cove Declaration. The North Lake Association shall be solely responsible for collecting all amounts due from North Lake Members and the Cove Association shall be solely responsible for collecting all such amounts due and payable by the Cove Members. Pursuant to the Reciprocal Use Agreement, the Cove Association has agreed to pay directly to the North Lake Association on an annual basis the Lake Maintenance Fees. In no event shall the North Lake Association be responsible for collecting any amounts payable by the Cove Members to the Cove Association. Such Lake Maintenance Fees are in addition to any other amounts due and payable by any Member pursuant to the terms and provisions of these Lake Rules and Regulations (e.g. reimbursement to the North Lake Association for damage to any of the Lake Facilities).

2.07 **Firearms.** Firearms and ammunition are not permitted on or within the Lake Facilities.

2.08 **Governmental Requirements.** Each Member, all Immediate Family Members of each Member and their respective Guests shall at all times comply with all applicable statutes, ordinances, rules, regulations and requirements of all applicable Governmental Authorities having jurisdiction over the Lake Facilities.

2.09. **Liability and Indemnity.** The North Lake Association, its directors, officers or employees shall not be liable for any injuries to person or damage to or loss of property involving Members, the Immediate Family Members of any Member or their respective Guests on or at the Lake Facilities. Each Member, any Immediate Family Members of a Member and all Guests, by entry onto the Lake Facilities do hereby waive and release the North Lake Association, its officers, Directors and employees from and against any and all claims, demands, losses, liabilities and damages to person or property occurring in or upon the Lake Facilities unless such injury or damage was caused by the gross negligence or willful or wanton misconduct of the employees of the North Lake Association. Each Member agrees to indemnify and hold the North Lake Association, the North Lake Board, its officers and employees harmless from and against any and all claims made by their Immediate Family Members or any of their respective Guests as a result of any personal injury, damage to or loss of property occurring on the Lake Facilities not proximately caused by the gross negligence or willful or wanton misconduct of the North Lake Association's employees.

2.10 **Members who are not Natural Persons and Non-Member Usage.** To the extent any Member is a Person other than a natural person, then such Member shall designate one (1) natural person (and the Immediate Family Members of such natural person) who shall be entitled to exercise and enjoy the rights of a Member hereunder. No Member shall allow any person who is not a Member to utilize any of the Lake Facilities unless such use by such person is as a Guest of such Member (and such Member accompanies such non-Member Guest during such usage of any of the Lake Facilities).

2.11 **Parking.** Automobiles must be parked within the areas designated for parking. All "No Parking" and "Handicap" restrictions shall be observed. Vehicles shall not be parked in the accesses or entrances to the Lake. Posted speed limits shall be observed. Vehicles left unattended at the Lake Facilities for more than 24 hours are subject to being towed at the expense of the owner thereof.

2.12 **Transfer of Membership.** The rights, privileges and benefits which any Member has to utilize any of the Lake Facilities are not assignable or transferable except in connection with the sale of the Member's lot or home which is subject to the North Lake Declaration or the Cove Declaration.

2.13 **Violation of Lake Rules and Regulations.** Any Member who fails to pay to the North Lake Association or the Cove Association any dues, assessments or other amounts due and payable to either the North Lake Association or the Cove Association when the same are due and payable or any Member (or such Member's respective Immediate Family Members or Guests) who violates any of the terms and provisions of these Lake Rules and Regulations (collectively, a "Default") shall be subject to the following:

(a) With respect to any Default by a North Lake Member or the respective Immediate Family Members or Guest of such North Lake Member, such North Lake Member shall be deemed to have violated the North Lake Declaration and shall be subject to the rights and remedies granted to the North Lake Association in the North Lake Declaration; and

(b) With respect to any Default by a Cove Member or such Cove Member's Immediate Family Members or Guests, then, in addition to the rights and remedies granted to the Cove Association in the Cove Declaration with respect to the Cove Member, such Cove Member may (i) have his or her use rights relative to the Lake Facilities suspended, (ii) be permanently expelled from any further use of the Lake Facilities, or (iii) be subject to any other appropriate action as may be determined by the North Lake Board. Any action to be taken by the North Lake Board pursuant to this Section 2.13(b) shall be by the vote of fifty-one percent (51%) of the North Lake Board. Before the North Lake Board takes any action to expel or suspend privileges of any Cove Member, such Member shall be given written notice of such hearing stating the grounds for the proposed suspension or expulsion or other action proposed to be taken by the North Lake Board which states that such Cove Member shall have the right to be heard at such meeting. Such notice must be delivered to such Cove Member at least five (5) days prior to the date that such hearing is scheduled. The North Lake Board may, at such hearing, elect to take any of the actions set forth in such notice. Any Cove Member may appeal his or her suspension or expulsion of privileges to use any of the Lake Facilities by written notice to the North Lake Board given within ten (10) days from the date a written decision of the North Lake Board has been given to such Cove Member. Such appeal shall be heard by the North Lake Board at the next regular meeting of the North Lake Board or at a special meeting of the North Lake Board. Upon any such appeal, the North Lake Board's previous action may be overturned by a majority of the full North Lake Board. Any suspension of privileges to utilize the Lake Facilities shall be upon such terms and conditions as the North Lake Board may determine; upon any expulsion, the expelled Cove Member shall irrevocably forfeit all privileges to utilize any of the Lake Facilities. If a Cove Member has been suspended or permanently expelled from utilizing any of the Lake Facilities, (i) such suspension

or expulsion may also extend and apply to the Immediate Family Members and all Guests of such Member, as determined by the North Lake Board in its sole discretion, and (2) such suspended or expelled North Lake Member shall not be discharged from any obligations to continue to pay dues, assessments and other charges due and payable to the Cove Association, including without limitation, any assessments which include that Member's proportionate share of the Lake Maintenance Fees or any other amounts due and payable by such Member to the North Lake Association pursuant to the Reciprocal Use Agreement or these Lake Rules and Regulations

(c) To the extent the North Lake Association or the North Lake Board incurs any costs or expenses, including attorneys' fees, as a result of any breach by any Cove Member of the terms and provisions set forth in these Lake Rules and Regulations, then such Cove Member shall also be required to pay to the North Lake Association all such costs and expenses, including reasonable attorneys' fees, incurred by the North Lake Association or the North Lake Board in connection therewith.

### III. *Lake Rules*

3.01. **Risk of Loss.** Use of the Lake Facilities at any time is at the Member's own risk. Each Member, each Member's Immediate Family Members and their respective Guests, by entry onto any of the Lake Facilities, hereby:

(a) Irrevocably and unconditionally waive, release and forever discharge Developer, the ARC, the North Lake Association and each Governmental Authority and their respective officers, directors, members, partners, agents, representatives, successors and assigns, of and from any and all actions, causes of action, claims, demands, agreements, covenants, suits, obligations, controversies, accounts, damages, costs, expenses, losses and liabilities of every kind and nature, known or unknown, arising out of or on account of any loss, damage or injury to persons or property, including death, as a result of any entry onto any of the Lake Facilities by any such Member, the Immediate Family Member of a Member or their respective Guest (unless caused by the gross negligence or willful or wanton misconduct of any employees of the North Lake Association); and

(b) Acknowledge and agree that: (i) neither Developer, the ARC, the North Lake Association, any Governmental Authority nor any of their respective agents, employees, representatives, successors and assigns shall provide any lifeguard or any other supervisor, personnel or assistance in the conduct of any activities on or about any of the Lake Facilities; (ii) the use of any of the Lake Facilities by such Member or any Immediate Family Members of a Member or their respective Guests shall be at the SOLE RISK and expense of any such individual utilizing the Lake Facilities; and (iii) the Lake, as with any other body of water, poses a potential threat of life-threatening harm and each Member, their respective Immediate Family Members and their respective Guests should exercise the upmost care and safety precautions in and round the Lake and all Lake Facilities.

3.02 **Boating.** Members are permitted to use canoes, row boats and electric powered watercraft on or within the Lake. No gasoline powered boats or other watercraft, including, without limitation, jet skis and wave runners, shall be allowed on or within the Lake. Notwithstanding the foregoing, Developer and the North Lake Association may utilize electric or gasoline powered watercraft on the Lake in performing any maintenance activities thereon.

3.03 **Swimming and Fishing.** Swimming, wading, water skiing and similar activities on or within the Lake are not permitted. Fishing is permitted within the Lake during daylight hours.

3.04 **Children.** Children under 12 years of age are permitted to use the Lake Facilities only if accompanied and supervised by an Adult.

3.05 **Running and Dangerous Games.** Running, ball playing, noisy or hazardous activities will not be permitted within the Lake Facilities.

3.06 **Cleanliness.** All persons using the Lake Facilities shall cooperate in keeping the area clean by properly disposing of garbage, cans, trash, or other refuse. No garbage, cans, trash or other refuse shall be allowed within the Lake or within the Lake Facilities.

3.07 **No Improvements.** Without first obtaining the prior written approval from the ARC, no improvements including, without limitation, fences, walls, berms, mounds, barriers, decks, terraces, patios, tennis courts, swimming pools, outdoor furniture, swing sets, outdoor recreational facilities and equipment or any other similar devices, equipment, tools or machinery, buildings or other structures of any kind shall be built, erected, maintained or placed within the Lake, the Lake Facilities or within any portion of the twenty (20) foot wide strip lying parallel to and running along the common boundaries of the Lake and the lots comprising the Cove Property and the North Lake Property.

3.08 **Twenty (20) Foot Wide Strip of Land around Lake.** Pursuant to Section 2.05 of the Reciprocal Use Agreement, an exclusive easement is granted to the then owner of that portion of the Cove Property situated directly adjacent to the twenty (20) foot wide strip of land on that portion of the Lake lying parallel to and running along the common boundaries of the Lake and the Cove Property; provided however that such exclusive easement is subject to the North Lake Association's obligation to maintain and repair the Lake as described in Sections 2.04 and 2.05(b) of the Reciprocal Use Agreement. Such exclusive easement to the twenty (20) foot wide strip shall be used subject to and in compliance with the Cove Declaration. The twenty (20) foot wide strip of land on that portion of the Lake lying parallel to and running along the common boundaries of the Lake and the lots comprising the North Lake Property shall be used by North Lake Members subject to and in compliance with the North Lake Declaration.

*Exhibit D*

**LEGAL DESCRIPTION OF SWIM AND TENNIS FACILITIES**

That certain Lot designated as "The Cove Swim and Tennis Club" according to the Survey of the Cove of Greystone, Phase I, as recorded in Map Book 25, Pages 38A and 38B in the Office of the Judge of Probate of Shelby County, Alabama.

***Exhibit E***

**JUNE 1, 1999**

**RULES AND REGULATIONS  
FOR THE COVE OF GREYSTONE SWIM AND TENNIS FACILITIES**

The following constitute the Swim and Tennis Rules and Regulations for the Swim and Tennis Facilities defined herein. All Members, their Immediate Family Members and their respective Guests shall abide by and comply with all of the following Swim and Tennis Rules and Regulations.

***I. Definitions and Other Terms***

1.01 **Definitions.** As used in these Swim and Tennis Rules and Regulations, 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:

- (a) **Adult** shall mean an individual who is at least 19 years of age.
- (b) **ARC** shall mean the Architectural Review Committee established under the Cove Declaration and each member thereof and their respective heirs, executors, personal representatives, successors and assigns.
- (c) **Cove Association** shall mean The Cove of Greystone Homeowners' Association, Inc., an Alabama nonprofit corporation, and its successors and assigns.
- (d) **Cove Board** shall mean the Board of Directors of the Cove Association.
- (e) **Cove Declaration** shall mean The Cove of Greystone Declaration of Covenants, Conditions and Restrictions dated as of October 1, 1998 and recorded as Instrument #1998-38836 in the Office of the Judge of Probate of Shelby County, Alabama, as the same may be amended from time to time.
- (f) **Cove Member** shall mean and refer to any Person who is a member in Good Standing of the Cove Association and who is also a n owner of a lot subject to the Cove Declaration.
- (g) **Developer** shall mean Greystone Cove, LLC, an Alabama limited liability company, and its successors and assigns.
- (h) **Governmental Authorities** shall have the meaning set forth in the Cove Declaration.
- (i) **Guests** shall mean and refer to any individual other than a Member or an Immediate Family Member of a Member.
- (j) **Immediate Family Member** shall mean the spouse of any Member and their respective unmarried children who are under the age of 23 years.
- (k) **Member** shall mean and refer to any North Lake Member, any Cove Member and any Non-Resident Member.
- (l) **Non-Resident Member** shall mean and refer to any Person who is authorized by the Cove Board to use any of the Swim and Tennis Facilities.
- (m) **North Lake Association** shall mean the North Lake at Greystone Owner's Association, Inc., an Alabama nonprofit corporation, and its successors and assigns.
- (n) **North Lake Declaration** shall mean the Greystone Farms North Declaration of Covenants, Conditions and Restrictions dated as of April 30, 1996 and recorded as Instrument #1996-17498 in the office of the Judge of Probate of Shelby County, Alabama.

(o) **North Lake Member** means any Person who is a member in Good Standing of the North Lake Association and who is also an owner of a lot subject to the North Lake Declaration.

(p) **Reciprocal Use Agreement** means that certain Reciprocal Use Agreement dated as of May 1, 1999 between the Cove Association and the North Lake Association to be recorded in the Office of the Judge of Probate of Shelby County, Alabama to which these Swim and Tennis Rules and Regulations are attached as Exhibit E thereto.

(q) **Swim and Tennis Facilities** shall mean and refer to the swimming pool, two (2) tennis courts, pavilion and other amenities, facilities and improvements situated directly adjacent thereto owned by the Cove Association and the real property upon which the foregoing improvements are situated.

1.02 **Other Defined Terms.** Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Reciprocal Use Agreement.

1.03 **Actions by Cove Board.** Except for actions to be taken by the Cove Board pursuant to Sections 2.02 and 2.19 below, the Cove Board may designate one or more individuals who need not be members of the Cove Board to take any action authorized to be taken herein by the Cove Board.

## II. **General Rules**

2.01 **Access Cards.** Access cards may be provided to all Members in order to limit and restrict access to the Swim and Tennis Facilities to only Members in Good Standing and their respective Immediate Family Members and Guests. Additional access cards or replacement cards for lost or stolen access cards will be provided subject to a Member's compliance with all of these Swim and Tennis Rules and Regulations and the payment of reasonable fees and expenses established from time to time by the Cove Board. All Members will use best efforts to insure that all gates to the Swim and Tennis Facilities are closed and locked upon departure from the Swim and Tennis Facilities.

2.02 **Amendments.** These Swim and Tennis Rules and Regulations may be amended at any time and from time to time by the unanimous written consent of both the Cove Association and the North Lake Association, each acting through its respective Board of Directors.

2.03 **Alcoholic Beverages.** No alcoholic beverages shall be permitted on or served within any of the Swim and Tennis Facilities.

2.04 **Animals and Pets.** Animals and pets are not allowed on or within any of the Swim and Tennis Facilities; provided, however, that seeing-eye dogs may accompany those Members, the Immediate Family Members of a Member or their respective Guests who are in need of such special assistance.

2.05 **Bulletin Board.** No bulletin boards and other areas within the Swim and Tennis Facilities shall be utilized for the posting of notices without the prior written approval of the Cove Board.

2.06 **Children.** No children under twelve (12) years of age shall be allowed or permitted to enter upon any of the Swim and Tennis Facilities unless accompanied by an Adult.

2.07 **Controlled Substances.** Controlled Substances (as defined by state and federal laws), other than those prescribed by a physician for medical reasons, are not permitted on or within the Swim and Tennis Facilities.

2.08 **Damage to Property.** All Members will be held responsible for the conduct of their Immediate Family Members and their respective Guests while on or within the Swim and Tennis Facilities and for their adherence to all of these Swim and Tennis Rules and Regulations. Each Member shall be responsible and reimburse the Cove Association or third parties for any damage to Cove Association property (including any of the Swim and Tennis Facilities) or to the property of others caused by such Member or the Immediate Family Members of such Member or their respective Guests.

2.09 **Fees and Assessments.** All Cove Members shall pay annual assessments, special assessments and any individual assessments payable under the Cove Declaration and all North Lake Association Members shall pay

annual assessments, special assessments and individual assessments payable under the North Lake Declaration. The Cove Association shall be solely responsible for collecting all amounts due from Cove Members and the North Lake Association shall be solely responsible for collecting all such amounts due and payable by the North Lake Members. Pursuant to the Reciprocal Use Agreement, the North Lake Association has agreed to pay directly to the Cove Association on an annual basis the Swim and Tennis Maintenance Fees. In no event shall Cove Association be responsible for collecting any amounts payable by the North Lake Members to the North Lake Association. With respect to any Non-Resident Member, the Cove Board shall establish the fees which shall be payable by such Non-Resident Member for utilization of the Swim and Tennis Facilities and each Non-Resident Member covenants and agrees to pay to the Cove Association such amounts on or before the due date established by the Cove Association for payment of the same. Such amounts are in addition to any other amounts due and payable by any Member pursuant to the terms and provisions of these Swim and Tennis Rules and Regulations (e.g., reimbursement to the Cove Association for damage to any of the Swim and Tennis Facilities).

2.10 **Firearms.** Firearms and ammunition are not permitted on or within the Swim and Tennis Facilities.

2.11 **Governmental Requirements.** Each Member, all Immediate Family Members of each Member and their respective Guests shall at all times comply with all applicable statutes, ordinances, rules, regulations and requirements of all applicable Governmental Authorities having jurisdiction over the Swim and Tennis Facilities.

2.12 **Guests.** A Member or any Immediate Family Member of a Member may have not more than two (2) guests utilizing any of the Swim and Tennis Facilities at any one time; provided, however, that the foregoing shall not be applicable to any private parties which have been approved by the Cove Board pursuant to Section 2.17 below.

2.13 **Liability and Indemnity.** The Cove Association, its directors, officers or employees shall not be liable for any injuries to person or damage to or loss of property involving Members, the Immediate Family Members of any Member or their respective Guests on or at the Swim and Tennis Facilities. Each Member, any Immediate Family Members of a Member and all Guests, by entry onto the Swim and Tennis Facilities do hereby waive and release the Cove Association, its officers, Directors and employees from and against any and all claims, demands, losses, liabilities and damages to person or property occurring in or upon the Swim and Tennis Facilities unless such injury or damage was caused by the gross negligence or willful or wanton misconduct of the employees of the Cove Association. Each Member agrees to indemnify and hold the Cove Association, the Cove Board, its officers and employees harmless from and against any and all claims made by their Immediate Family Members or any of their respective Guests as a result of any personal injury, damage to or loss of property occurring on the Swim and Tennis Facilities not proximately caused by the gross negligence or willful or wanton misconduct of the Cove Association's employees.

2.14 **Membership Forms.** Each Member shall execute and deliver and otherwise furnish to the Cove Board (or its designee) membership applications, forms and other personal information and data as may be requested from time to time.

2.15 **Members Who are not Natural Persons and Non-Member Usage.** To the extent any Member is a Person other than a natural person, then such Member shall designate one (1) natural person (and the Immediate Family Members of such natural person) who shall be entitled to exercise and enjoy the rights of a Member hereunder. No Member shall allow any person who is not a Member to utilize any of the Swim and Tennis Facilities or the access card of such Member unless such use by such person is (a) as a Guest of such Member (and such Member accompanies such non-Member Guest during such usage of any of the Swim and Tennis Facilities) or (b) in connection with any private party authorized and approved by the Cove Board pursuant to Section 2.17 below.

2.16 **Parking.** Automobiles must be parked within the areas designated for parking. All "No Parking" and "Handicap" restrictions shall be observed. Vehicles shall not be parked in the driveway nor at the entrance of the pavilion. Posted speed limits shall be observed. Vehicles left unattended at the Swim and Tennis Facilities for more than 24 hours are subject to being towed at the expense of the owner thereof.

2.17 **Private Parties.** A Member desiring to give or host a private party shall file a written request to do so with the Cove Board and, if required, shall pay such fees and post a security deposit in such amounts as may be required by the Cove Board.

2.18 **Transfer of Membership.** The rights, privileges and benefits which any Member has to utilize any of the Swim and Tennis Facilities are not assignable or transferable except in connection with the sale of the lot or home of such Member.

2.19 **Violation of Swim and Tennis Rules and Regulations.** Any Member who fails to pay to the Cove Association or the North Lake Association any dues, assessments or other amounts due and payable to either the Cove Association or the North Lake Association when the same are due and payable or any Member (or such Member's respective Immediate Family Members or Guests) who violates any of the terms and provisions of these Swim and Tennis Rules and Regulations (collectively, a "Default") shall be subject to the following:

(a) With respect to any Default by a Cove Member or the respective Immediate Family Members or Guests of such Cove Member, such Cove Member shall be deemed to have violated the Cove Declaration and shall be subject to the rights and remedies granted to the Cove Association in the Cove Declaration; and

(b) With respect to any Default by either of a North Lake Member or a Non-Resident Member or the respective Immediate Family Members or Guests of such Member, then, in addition to the rights and remedies granted to the North Lake Association in the North Lake Declaration with respect to the North Lake Member, such North Lake Member or Non-Resident Member, as the case may be, may (i) have his or her use rights relative to the Swim and Tennis Facilities suspended, (ii) be permanently expelled from any further use of the Swim and Tennis Facilities or (iii) be subject to any other appropriate action as may be determined by the Cove Board. Any action to be taken by the Cove Board pursuant to this Section 2.19(b) shall be by the vote of fifty-one percent (51%) of the full Cove Board. Before the Cove Board takes any action to expel or suspend privileges of any North Lake Member or Non-Resident Member, as the case may be, such Member shall be given written notice of such hearing stating the grounds for the proposed suspension or expulsion or other action proposed to be taken by the Cove Board which states that such Member shall have the right to be heard at such meeting. Such notice must be delivered to such Member at least five (5) days prior to the date that such hearing is scheduled. The Cove Board may, at such hearing, elect to take any of the actions set forth in such notice. Any North Lake Member or Non-Resident Member, as the case may be, may appeal his or her suspension or expulsion of privileges to use any of the Swim and Tennis Facilities by written notice to the Cove Board given within ten (10) days from the date a written decision of the Cove Board has been given to such Member. Such appeal shall be heard by the Cove Board at the next regular meeting of the Cove Board or at a special meeting of the Cove Board. Upon any such appeal, the previous action of the Cove Board may be overturned by a majority of the full Cove Board. Any suspension of privileges to utilize the Swim and Tennis Facilities shall be upon such terms and conditions as the Cove Board may determine; upon any expulsion, the expelled North Lake Member or Non-Resident Member, as the case may be, shall irrevocably forfeit all privileges to utilize any of the Swim and Tennis Facilities. If a North Lake Member or Non-Resident Member, as the case may be, has been suspended or permanently expelled from utilizing any of the Swim and Tennis Facilities, (1) such suspension or expulsion may also extend and apply to the Immediate Family Members and all Guests of such Member, as determined by the Cove Board in its sole discretion, (2) such suspended or expelled North Lake Member shall not be discharged from any obligations to continue to pay dues, assessments and other charges due and payable to the North Lake Association, including, without limitation, any assessments which include that Member's proportionate share of the Swim and Tennis Maintenance Fees or any other amounts due and payable by such Member to the Cove Association pursuant to the Reciprocal Use Agreement or these Swim and Tennis Rules and Regulations and (3) such suspended or expelled Non-Resident Member shall not be entitled to a refund of any amounts previously paid by such Non-Resident to the Cove Association for the privilege to utilize any of the Swim and Tennis Facilities.

(c) To the extent the Cove Association or the Cove Board incurs any costs or expenses, including attorneys' fees, as a result of any breach by any North Lake Member of the terms and provisions set forth in these Swim and Tennis Rules and Regulations, then such North Lake Member shall also be required to pay to the Cove Association all such costs and expenses, including reasonable attorneys' fees incurred by the Cove Association or the Cove Board in connection therewith.

### **III. Pool Rules**

3.01. **Risk of Loss.** Use of the pool facilities at any time is at the swimmer's own risk. Each Member, each Member's Immediate Family Members and their respective Guests, by entry onto any of the Swim and Tennis Facilities, hereby:

(a) Irrevocably and unconditionally waive, release and forever discharge Developer, ARC and the Cove Association and each Governmental Authority and their respective officers, directors, members, partners, agents, representatives, successors and assigns, of and from any and all actions, causes of action, claims, demands, agreements, covenants, suits, obligations, controversies, accounts, damages, costs, expenses, losses and liabilities of every kind and nature, known or unknown, arising out of or on account of any loss, damage or injury to persons or property, including death, as a result of any entry onto any of the Swim and Tennis Facilities by any such Member, the Immediate Family Member or Guest of any such Member (unless caused by the gross negligence or willful or wanton misconduct of any employees of the Cove Association); and

(b) Acknowledge and agree that: (i) neither Developer, the ARC, the Cove Association, any Governmental Authority nor any of their respective agents, employees, representatives, successors and assigns shall provide any lifeguard or any other supervisor personnel or assistance in the conduct of any activities on or about any of the Swim and Tennis Facilities; (ii) the use of any of the Swim and Tennis Facilities by such Member or any Immediate Family Members of a Member or their respective Guests shall be at the SOLE RISK and expense of any such individual utilizing the Swim and Tennis Facilities; and (iii) the swimming pool, as with any other body of water, poses a potential threat of life-threatening harm and each Member, their respective Immediate Family Members and their respective Guests should exercise the upmost care and safety precautions in and around the pool and all of the other Swim and Tennis Facilities.

**SWIMMING IS AT THE SOLE RISK OF A MEMBER AND THE IMMEDIATE FAMILY MEMBERS AND GUESTS OF A MEMBER.**

3.02 **Pool Hours.** Swimming is permitted only during open hours of the pool. Pool hours and days shall be established by the Cove Board.

3.03 **Children.** Children under 12 years of age are permitted to use the pool facilities only if accompanied and supervised by an Adult. An Adult playing tennis will not be considered to be attending to a child at the pool.

3.04 **Food and Beverages.** Glass objects, drinking glasses, sharp objects, food and tobacco products are not permitted in the pool area. NO SMOKING IS PERMITTED IN THE POOL AREA.

3.05 **Swimming Attire.** All swimmers must wear bona fide swimming attire. Cut-offs, dungarees, thongs and Bermuda shorts are not considered appropriate swimwear.

3.06 **Young Children.** Children who are not potty trained are required to wear plastic pants under their swimsuits (or similar wear) when entering the pool. All children must be properly dressed in swimming attire at all times. No children in diapers are allowed in the pool.

3.07 **Running and Dangerous Games.** Running, ball playing, noisy or hazardous activity will not be permitted in the pool area. Pushing, dunking and dangerous games are not permitted. The throwing of balls, frisbees, wet clothes, etc., is not permitted at any time in the pool area.

3.08 **Radios at Pool.** Radios may only be used at low volume or with earphones. The Cove Board may prohibit radios and other music devices on or within the pool facilities.

3.09 **Cleanliness.** All persons using the pool area are urged to cooperate in keeping the area clean by properly disposing of towels, cans, trash, etc.

3.10 **Flotation Devices.** Flotation devices are permitted for non-swimming children up to the age of five years. Any non-swimming children must be accompanied in the water by an Adult. Pool toys such as balls, water guns, rings, air mattresses, etc., are permitted at the discretion of the Cove Board. Tire inner tubes are not permitted.

3.11 **Diving.** No diving shall be allowed in the pool.

**IV. Tennis Rules**

4.01 **Attire.** Proper tennis attire is required at all times. Colors are permitted. Regulation tennis shoes are required.

4.02 **Etiquette.** Proper tennis etiquette should be observed at all times. Excessive noise, racquet throwing or profanity will not be permitted on the courts, or in the area of the courts, at any time.

4.03 **Time Limits and Court Reservations.** Use of a tennis court by a Member or the Immediate Family Members or Guests of a Member and the time limits for court times may be established by the Cove Board. The Cove Board may, in its discretion, elect to establish a reservation policy for the tennis courts which each Member agreed to abide by and comply with in all respects.

4.04 **Children.** Children under twelve (12) years of age must be accompanied by an Adult on the tennis courts.

4.05 **Food or Beverage.** Food or beverage in glass containers are not allowed on the tennis courts. No alcoholic beverages are allowed on the tennis courts. **No smoking is allowed on the tennis courts.**

4.06 **Bicycles and Skateboards.** Bicycles, skateboards, skates, roller blades, pets, etc. are not allowed on the tennis courts.

4.07 **Litter and Trash.** Players shall remove all litter and trash brought onto the tennis courts after completion of play.

Inst # 1999-24249  
06/09/1999-24249  
03:07 PM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
029 SNA 81.50