

**DECLARATION OF PROTECTIVE COVENANTS FOR
STERLING GATE SUBDIVISION, SECTOR 2, PHASE 1,
LOTS NUMBERED 1 THROUGH 7, AND
LOTS NUMBERED 55 THROUGH 58
AS RECORDED IN
MAP BOOK 26 PAGE 29, IN
THE PROBATE OFFICE OF SHELBY COUNTY, ALABAMA**

Inst * 1999-42074

10/08/1999-42074
01:15 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
28.50
GOS

STATE OF ALABAMA)
COUNTY OF SHELBY)

KNOW ALL MEN BY THESE PRESENTS THAT: WHEREAS, the undersigned GREENBRIAR, LTD. (which, together with its successors and assigns, is hereinafter referred to as "Developer"), is the owner of all lots as shown on map of said Sterling Gate, Sector 2, Phase 1 (hereinafter referred to as "Property") which is recorded in the Probate Office of Shelby County, Alabama on the above listed Map Book and Page. The Property is part of a mixed use development planned by Developer on the adjacent real property owned by Developer. As used in these Protective Covenants, the term "Development" shall mean and refer to the Sterling Gate Development as a mixed use project while the term "Property" shall mean and refer to the particular above herein listed lots in Sterling Gate, Sector 2, Phase 1. These covenants are applicable only to the Property and shall not extend to or be binding upon any other portions of the Development.

WHEREAS, the Developer desires to subject all of the Property and each Lot located thereon to the easements, covenants, conditions, assessments, limitations and restriction hereinafter set forth.

NOW, THEREFORE, the undersigned, GREENBRIAR, LTD., does hereby expressly adopt the covenants and limitations for the Property as set forth in these Protective Covenants and does hereby declare that the Property and each Lot located within the Property shall be and the same are hereby subject to the following easements, covenants, conditions, assessments, limitations and restrictions.

ARTICLE 1

EXCLUSIVE RESIDENTIAL USE AND IMPROVEMENTS

1.01 All Lots shall be known and described as residential lots and shall be used for single-family residential purposes exclusively. No Lot shall be subdivided or re-subdivided without the prior written approval of Developer. It is the responsibility of the Lot Owner to strictly follow those certain codes and ordinances set forth for that particular zoning classification of the municipality in which said Lot is located.

1.02 No lot shall be sold or allowed to be sold for the purpose of extending any public or private road, street, or easement or for the purpose of opening any road or street, except by written consent of Developer, its successors heirs or assigns. No Lot shall be subdivided or re-subdivided without the prior written approval of Developer.

1.03 No building shall be erected or allowed to remain on any residential lot in said subdivision in violation of the City of Alabaster zoning set back lines without approval of the City of Alabaster Zoning Board of Adjustments. No structure (other than the residential dwelling) may be constructed closer to the ingress and egress roadway than the back of the residential dwelling. Any buildings of any nature built on any Lot must conform to a residential nature and must be approved by Developer or Architectural Committee of the Sterling Gate Homeowner's Association, Inc. if Developer no longer owns lots in Development.

1.04 All materials used on exposed exterior walls shall be approved by the Developer or the Sterling Gate Architectural Committee if the control period has ceased. House plans and exterior designs must conform to traditional styles and are to be approved by the Developer. The Developer reserves the right to further establish what types of exterior building materials may be utilized on any dwelling or other structures or improvements to a Lot.

1.05 Single level residences shall have no less than ONE THOUSAND SIX HUNDRED (1600) square feet of living (heated and cooled) area. Square footage measurements shall not include porches, garages, basements (unless finished) or decks. Two Story residences shall have no less than ONE THOUSAND EIGHT HUNDRED (1800) square feet. Any other structures or out-buildings built on a lot must be of a permanent nature, be similar in materials to the dwelling and be approved by the Architectural Committee or Developer if within control period.

1.06 Setbacks: All setbacks, (front, rear and sides) must conform to the City of Alabaster zoning Ordinance.

1.07 No trailer, basement without finished superstructure, tent, or any temporary structures erected on lots in the subdivision hereinabove mentioned, shall at any time be used as a residence, temporarily or permanently. No manufactured home or modular housing is allowed. Any and all dwellings, buildings, structures and other improvements of any nature to any Lot will be in conformity to the standards set herein and approved by the

- 2.15 All exterior lighting will be prohibited unless approved in writing by the Architectural Committee.
- 2.16 No basketball goals on any lot, free standing or attached to the building, shall be visible from any street.
- 2.17 No exterior alterations or additions shall be permitted unless approved in writing by the Architectural Committee.
- 2.18 Outside air conditioning units may not be located in the front yard but must be located only on the side or rear as required. No window or wall units will be allowed.
- 2.19 All exterior colors will be restricted to the colors approved by the Architectural Committee.
- 2.20 All garages must be fully enclosed. Garage doors must be kept closed at all times except when the garage is in use. No cars will be permitted to park on the street.
- 2.21 No lot shall be cultivated for crops of any sort, except for kitchen gardens of reasonable size, which must be located to the rear of any dwelling.
- 2.22 No concrete block on any structure may be visible from the street. This means no concrete block may be visible from the road or street on the front or sides of the residential structures.
- 2.23 No Owner shall be allowed to dam up the creeks which flow through said Property nor shall any Owner change the flow of said creek or any wet weather streams.
- 2.24 All driveways visible from the street must be concrete.
- 2.25 No fence, wall, hedge or shrub planting which obstructs sight lines from any roadways within the Property shall be placed or permitted to remain on any Lot.
- 2.26 The intent of Developer is to preserve for present and future Owners an attractive physical environment in which there is much vegetation. All Lots shall be landscaped in accordance with standards established by the Architectural Committee. It is also the intent of Developer to preserve or establish a number of "flowering trees" visible from the street right-of-way. Each Owner must plant and maintain at least TWO (2) flowering trees, a minimum of eight (8) feet in height. All landscaped areas on any Lot shall be maintained in good condition by the Owner thereof and any of the aforesaid flowering tree which die or become diseased or damaged shall be promptly replaced with a new flowering tree by the homeowner of such Lot.
- 2.27 No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon, or in any lot, nor shall oil wells, tanks, tunnels, mineral excavation or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.
- 2.28 No individual water supply system shall be permitted on any Lot unless such system is located, constructed and equipped in accordance with the requirements, standards and recommendations of both state and local public health authorities. Approval of such system as installed shall be obtained from such authority.
- 2.29 No individual sewage disposal system shall be permitted on any Lot unless such system is designated, located and constructed in accordance with the requirements, standards and recommendations of both state and local public health authorities. Approval of such system as installed shall be obtained from such authority.
- 2.30 Developer reserves right to approve the dwelling and any structure such as outbuildings or garages to be built on lot whether built by initial or subsequent lot purchaser. Developer may appoint an architectural committee to approve or disapprove building plans.
- 2.31 The roof pitch on any dwelling shall not be less than 8 on 12 unless first approved in writing by the Developer. All roof vents and pipes shall be painted as near the color of the roof as possible, and shall be located on the rear of the dwelling and not visible from the front. No solar or other energy collection device or equipment shall be maintained on any Lot or dwelling if the same would be visible from the street. All roofs will be Dimensional or Dimensional-like 25 year roofing product and all homes will use the same color in this Sector. No projections of any type shall be allowed above the roof of any dwelling except for approved chimneys and vent stacks.
- 2.32 Mailboxes and posts shall be of a standard design supplied by Developer. Numbers on mail boxes shall be standard three (3) inch reflective. No names may be put on mail boxes or posts, only the standard numbers. All mailboxes and posts shall be painted black.
- 2.33 Wood piles shall be located only at the rear of a dwelling and should be screened from view from public streets and adjacent Lots. Children's toys, swingsets, jungle gyms, trampolines and other outdoor recreational equipment and appurtenances shall be allowed only at the rear or behind a dwelling and shall be located so as not to be visible from any public street. Free-standing playhouses and tree houses must be approved by the Architectural Committee. No above ground swimming pools shall be allowed on any Lot. No statues, water fountains, bird baths, flagpoles or furniture shall be placed or maintained on the front or side yard of any Lot. All outdoor furniture for any dwelling shall be kept and maintained only at the rear or behind the dwelling. Outside clothes lines and other facilities for drying or airing of clothes are prohibited. No clothing, rugs or other items shall be hung, placed or allowed to remain on any railing, fence or wall. Barbecue grills and other outdoor cooking equipment and apparatus shall be located only at the rear of a dwelling and should not be visible from any public street. Statues, water fountains, bird baths, bird feeders, wood carvings, plaques and other home crafts shall be allowed only at the rear of a dwelling and should not be visible from any public street. No rocks, rock walls, fencing or other substance shall be placed on any Lot as a front or side yard border or to prevent vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. Seasonal or holiday decorations (e.g. Christmas trees and lights, pumpkins, Thanksgiving decorations) shall be promptly removed from any Lot or dwelling within Thirty (30) Days following such holiday.

Developer or Architectural Committee of the Sterling Gate Homeowner's Association, Inc. if Developer no longer owns lots in the Development. Notwithstanding anything provided to the contrary herein, Developer shall be permitted to construct and maintain on any Lot a structure and related facilities which may be designed and used as a construction field office and/or as a sales/marketing office.

ARTICLE II

GENERAL REQUIREMENTS

2.01 It shall be the responsibility of each Lot owner (which together with their respective heirs, executors, personal representatives, successors and assigns, is hereinafter individually referred to as an "Owner" and collectively as "Owners") to prevent any unclean, unsightly or unkempt conditions of any dwelling, buildings or grounds on such Owner's Lot which may tend to decrease the beauty of the specific area or of the neighborhood as a whole. Any and all dwellings, buildings, structures and other improvements of any nature to any Lot must be approved by the Developer or Architectural Committee if Developer has turned control over to the Sterling Gate Homeowner's Association.

2.02 No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. This may include unsightly trash piles or storage of building or other material. Developer, for itself and the Association, reserves the right (after ten (10) days prior written notice to a Lot Owner) to enter any Lot during normal working hours for the purpose of removing trash or refuse therefrom which, in the sole opinion of either Developer or the Association, detracts from the overall beauty and safety in the Property, and may charge the Owner of such Lot a reasonable cost for such services, which charge shall constitute a lien upon such Lot enforceable by appropriate proceedings at law or equity or as hereinafter provided. This provision shall not apply to the undersigned Developer and Builders or their assigns during the sales and development period, such sales period to extend until the last lot is built upon in said sector.

2.03 Fencing may be utilized on any Lot with Prior written approval of the same by the Developer or Architectural Committee. Retaining walls must be approved by Developer or Architectural Committee if Developer Control period has expired as to materials, location and height.

2.04 No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than two (2) square feet, one sign of not more than six (6) square feet advertising property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period. All signs shall comply with design specifications of the Architectural Committee. No signs shall be nailed to trees. These provisions shall not apply to the undersigned or their assigns during the sales period.

2.05 No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs and/or cats (not to exceed two (2) in number), and other household pets provided they are not kept, bred or maintained for any commercial purpose and provided said animals do not become a nuisance to other lot owners, subject to appropriate zoning ordinances. Any kennels for dogs or cats must be enclosed by a privacy fence.

2.06 No satellite dishes, external antennas, or outdoor lights such as all night mercury vapor lights may be installed on any lot. Satellite dishes no larger than 18 inches may be allowed on rear roof tops or may be allowed on side or front roof tops with approval of Developer or Architectural Committee. At the end of Developer's Control Period (see paragraph 24) this right of approval may be assumed by the Architectural Committee of the Sterling Gate Homeowner's Association, Inc.

2.07 The Developer reserves to themselves, their heirs and assigns, the right to grant rights of way to use said streets to any other person, firm, or corporation for the purposes of erecting hereon and installing thereover such poles, wires, guys, guy wires, pipelines, and other equipment and apparatus as may be necessary or desirable for the purpose of supplying the premises adjacent thereto with electricity, telephone, water, sewer and gas service, including but not restricted to the right to trim trees where necessary or advisable for the safe operation thereof, and to conduct telephone and electric light wires over said lots from the poles located on said streets or ways.

2.08 No automobile or other vehicles shall be stored on any Lot or Common Area or kept on blocks unless in the garage of a dwelling. Boats, utility trailers, recreational vehicles and travel trailers must either be parked or stored in the garage of a dwelling or within a completely enclosed structure on a Lot. No tractor trailer trucks, panel vans or other commercial truck in excess of one (1) ton classification shall be parked or stored on any Lot or Common Area.

2.09 All construction activity whether performed by Developer or subsequent Lot purchaser shall use the Best Management Practices (BMP's) as required by the Alabama Department of Environmental Management to protect the quality of stormwater discharge.

2.10 Upon the completion of a dwelling, all front and side yards which are not left in a natural wooded state (with ground covered with natural materials) will be landscaped with sod and other landscaping approved by Developer. The rear yard may be seeded or sprigged.

2.11 No above ground swimming pools will be allowed on any Lot. Any swimming pool must have Architectural Committee approval.

2.12 No commercial vehicles shall be permitted. No trailers, mobile or stationary, shall be permitted.

2.13 No disabled or non-operating, nor wrecked vehicle will be permitted on any lot or any street within the subdivision.

2.14 No temporary out buildings of any kind, (tents, shacks, portable storage sheds, etc.) will be permitted.

ARTICLE III

STERLING GATE HOMEOWNER'S ASSOCIATION, INC.

3.01 STERLING GATE HOMEOWNER'S ASSOCIATION, INC.

Every Owner of a Lot in within the Property and the Owner of every "Residential Lot" as hereinafter defined in the Sterling Gate Development (all sectors) shall be a member of the Sterling Gate Homeowner's Association, Inc. (the "Association") (the Articles of Incorporation for which are recorded in the Probate Office of Shelby County, Alabama). Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot which is subject to the provisions of these Protective Covenants and the rules, regulations and bylaws of the Association, as the same may be modified and amended from time to time.

3.02 The Association shall have one (1) class of voting membership. All owners, together with the Owners of all "Residential Lots", as hereinafter defined, shall be members of the Association and, subject to the rights reserved by Developer in the Articles of Incorporation and ByLaws of the Association, shall be entitled to one (1) vote for each Residential Lot owned. When more than one (1) person holds an interest in any Lot, all persons shall be members; however, the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Each Owner, by acceptance of a deed to a Lot, does hereby acknowledge and agree that (a) Developer, for so long as Developer owns any portion of the Development, shall be exclusively entitled to take all actions and vote on all matters to be voted on by the members of the Association in the manner set forth in the Articles of Incorporation and ByLaws of the Association, and (b) if Developer elects to add Additional Property to this Declaration or as part of the Association or modify the description of the Development to add or delete real property from such description, each Owner consents and agrees to the dilution of his voting interests in the Association as a result thereof.

ARTICLE IV

COVENANT FOR ASSESSMENTS

4.01 Each Owner of a Lot within the Property, by acceptance of a deed to such Lot, agrees to pay to the Association: (a) annual assessments or charges levied each year by the Association; (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (c) individual assessments which may be levied against any Lot and the Owner thereof as a result of such Owner's failure to comply with the terms of these Protective Covenants. The annual, special and individual assessments, together with interest, late charges, costs and reasonable attorney's fees, shall also be a charge on each Lot and shall be a continuing lien upon each Lot against which such assessment is made, which lien may be enforced in the manner hereinafter provided each such assessment, together with interest, late charges, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due or was due.

4.02 The annual and special assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and residents of the Development, for the improvement and maintenance of the Common Area within the Development and the payment of any and all costs and expenses incurred from time to time by the Association, including, without limitation, any "Common Expenses", as defined in the Bylaws of the Association.

4.03 Any expenses incurred by the Committee or the Association in enforcing any of the provision of these Protective Covenants against a specific Owner shall be deemed an individual assessment against the owner and the respective Lot owned by such Owner. Such individual assessment shall be levied by the Association and shall be specified to the Owner, which notice shall also specify the due date for the payment of same. The Association is solely responsible for and shall assume all maintenance responsibilities with respect to all Common Area within the Property once the Developer Control Period has expired.

4.04 The annual assessment for the Property shall commence on July 1 of each year, and shall be paid in advance. The annual assessment shall be established by the Association in accordance with its rules, regulation and Bylaws. Lots owned by the Developer shall not be subject to any assessment by the Association, be it annual, special or individual. The initial annual assessment will be Fifty and no/100 Dollars (\$50.00) due and payable July 1 of each year to be paid for the maintenance of the entrance way, landscaping and any other common area maintenance within the subdivision. The assessment will be due and payable at the closing of each home in the subdivision prorated from July 1. The annual assessment of Fifty and no/100 dollars (\$50.00) shall be made payable to Greenbriar, Ltd. (Developer) until the Developer has sold all of the lots in the subdivision (all sectors) or until Developer elects to turn control over to the Sterling Gate Homeowner's Association. After control and responsibility for the common areas has been assumed by the Sterling Gate Homeowner's Association, Inc. all payments of the assessment shall be made to the Sterling Gate Homeowner's Association, Inc.

4.05 In addition to the annual assessments, the Association may levy, in any assessment year, a special assessment, applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, provided that any such assessment must have the assent and approval of (a) at least fifty-one percent (51%) of the total votes in the

Association, whether voted in person or by proxy, at a meeting called for this purpose and (b) for so long as Developer owns any portion of the Development, the approval of the Developer.

4.06 Written notice of any meeting called for the purpose of taking any action authorized under Section 4.05 above shall be sent to all Owner not less than thirty (30) days but no more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence, either in person or by proxy, of the holders of at least fifty-one percent (51%) or more of all votes in the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

4.07 Both annual and special assessments for all Lots within the Property shall be fixed at a uniform rate, provided, however, that the Board of Directors of the Association shall have the right, in their sole and absolute discretion, to levy, assess and collect different amounts as the annual and/or special assessment payable by each "Residential Lot", as hereinafter defined, within the Development based on the zoning classification of such Residential Lot. As used herein, the term "Residential Lot" or "Residential Lots" shall mean and refer to any real property within the Development which has been or will be developed for single-family residential purposes, including, without limitation, attached or detached residential dwellings, townhouses, condominiums, cooperatives, duplexes, garden homes, patio homes, zero-lot-line homes, cluster homes, or any other types of single-family dwellings. As used herein and in the Article of Incorporation and Bylaws of the Association, the term "Residential Lots", whether used in the singular or plural tense, shall include all Lots within the Property. Annual and special assessments shall commence as to each Lot on the day on which such Lot is conveyed to any Owner (other than Developer) with a residence on it and shall be due and payable in such manner as established by the Board of Directors of the Association. The Board of Directors of the Association shall fix the amount of the annual assessment against each Lot at least (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner. The due date for the payment of annual assessments shall be established by the Board of Directors in such notice (but such due date shall be, at a minimum, thirty (30) days from the date of such notice).

4.08 The association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessment on a Lot has been paid. A properly executed certification of the Association as to the status of the assessment on a Lot is binding upon the Association as of the date of its issuance.

4.09 Any assessments (whether annual, special or individual) which are not paid on or before the due date of the same shall bear interest from and after such due date at a rate equal to the lesser of 18% per annum or the highest rate which may be charged to such Owner by law. In addition to interest, any assessments not paid by the due date for the same shall be subject to a late charge which the Board of Directors of the Association may from time to time establish. In the event any assessments or other amounts due to the Association are not paid by any Owner when the same comes due, then, in addition to all other rights and remedies provided by law or in equity, the Association, or the Developer if the Control Period has not expired, acting through the Board of Directors or through any of its duly authorized officers or representatives, may undertake any of the following remedies:

(a) The Association may commence and maintain a suit at law against the Owner for a personal money judgment to enforce all such charges and obligations for assessments and other amounts due to the Association, which amounts shall include the late charge and interest specified above as well as all attorneys' fees, court costs, and all other expenses paid or incurred by the Association in connection therewith; and/or

(b) The Association may enforce the lien created pursuant to Section 4.01 above as hereinafter provided. The lien created pursuant to Section 4.01 above shall secure payment of any and all assessments (annual, special and individual) levied against any Lot or Owner, all late charges and interest as provided above as well as all attorneys' fees, court costs and all other expenses paid or incurred by the Association in attempting to collect the assessments and in maintaining any legal action in connection therewith. If any assessments and other charges remain unpaid for more than sixty (60) days following the due date of the same, then the Association shall make written demand on defaulting Owner, which demand shall state the date and amount of delinquency. If such delinquency is not paid in full within the (10) days after the giving of such demand notice, then the Association may file a claim of a lien against the Lot of such delinquent Owner, which claim shall be executed by any member of the Board of Directors of the Association or any officer of the Association or the Developer if the Control Period has not expired and may be foreclosed in the same manner as a foreclosure of a mortgage on real property under the laws of the State of Alabama, as the same may be modified or amended from time to time. The Association or Developer shall have the right and power to bid to any such foreclosure sale and to purchase, acquire, hold, lease, mortgage, convey and sell any such Lot purchased at any such foreclosure proceeding. Each Owner, by acceptance of a deed to any Lot, shall be deemed to (i) grant and vest in the Association and/or its agents the right and power to exercise the power of sale granted herein and foreclose the lien created herein, (ii) grant and vest in the Association and/or its agents the right and power to bring all actions against such Owner personally for the collection of all amounts due from such Owner, (iii) expressly waive any objection to the enforcement in foreclosure of the lien created herein and (iv) expressly waive the defense of the statute of limitations which may be applicable to the commencement of any suit or action for foreclosure. No Owner (other than Developer and Builders) may waive or otherwise be exempt from the liability to pay the assessments provided herein.

4.10 The lien for assessments and other charges provided herein with respect to any Lot shall be subordinate to the lien of any first mortgage encumbering such Lot. The sale or transfer of any Lot shall not affect any lien retained by the Association on a Lot; provided, however, that the sale or transfer of any Lot pursuant to mortgage foreclosure or any similar proceedings shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer.

4.11 In addition to the rights and remedies set forth above, if any Owner (or his contractor, family members, guests or invitees) shall violate or attempt to violate any of the covenants and restrictions set forth herein, then Developer, the Association or the Committee, jointly and severally, shall each have the right to prosecute proceedings at law for the recovery of damages against such Owner as a result of such violations or maintain a proceeding in equity against such Owner to enjoin such violation; provided, however, that the rights and remedies set forth herein shall be deemed to be cumulative of all other rights and remedies available at law or in equity. In any such proceedings, Developer, the Association or the Committee, jointly and severally, shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred by any of them in such proceedings, as well as interest on all unpaid amounts as specified in Section 4.09 above. The failure of Developer, the Association or the Committee to institute proceedings for any one (1) or more violations of these Protective Covenants shall not constitute approval of the same or be construed as a waiver of any right of action contained herein for past or future violations of said covenants and restrictions.

ARTICLE V

ARCHITECTURAL COMMITTEE

5.01 The Architectural Committee (the "Committee") shall consist of no more than five (5) persons each of whom will be designated and may be removed at any time by the Developer, until such time as Developer relinquishes in writing the authority to appoint members to the Committee to the Association. At such time as Developer no longer owns any Lot within the Property or upon Developer's written notice to the Association that it no longer desires to exercise the right to appoint and remove members of the Committee, then the Board of Directors of the Association shall have the right to appoint and terminate, with or without cause, all members of the Committee.

5.02 All plans and specifications, including plot plans, grading and drainage plans for any improvements to a Lot, exterior materials, texture, and color selections for any dwellings and the plans for all mailboxes and entrance columns serving any Lot within the Property shall be first filed with and approved by the Committee before any construction is commenced on such Lot. The Committee shall have the authority to require modifications and changes in plans and specifications if it deemed the same necessary.

5.03 The authority to review and approve plans and specifications as provided herein is a right and not an obligation. Owners (and their respective contractors) shall have the sole obligation to oversee and construct dwellings in accordance with the restrictions hereof and the plans and specifications approved by the Committee. No dwellings, buildings, structures or other improvements of any nature shall be constructed, erected, placed or maintained on any Lot until such time as the Committee has approved in writing the plans therefore. The Committee shall have the right to establish and amend from time to time written rules, regulations, and standards governing policies, guidelines and minimum requirements relating to the construction and alteration of any dwellings or other improvements on any Lot, as well as the content and types of information required to be submitted to the Committee for its approval, each of which shall be in addition to the provisions and requirements set forth herein.

5.04 Any exterior remodeling, reconstruction, alterations or additions to an existing dwelling or any activity which would change or alter the exterior appearance of a dwelling (including exterior color changes) must be approved by the Committee. Interior remodeling, reconstruction or alterations not affecting the exterior appearance of a dwelling shall not require the written approval of the Committee, but shall comply with all restrictions and covenants set forth herein.

5.05 Neither the Committee, any architect or agent thereof nor the Developer shall be responsible to check for any defects in any plans or specification submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specification. Each Owner, by acceptance of a Deed to any Lot, does hereby waive and release the Developer and any of their respective agents, officers, directors, members and successors and assigns, from any liability of any nature whatsoever arising from damage, loss or expense suffered, claimed, paid or incurred by any Owner on account of any defects in any plans and specification submitted to be approved by the committee, any defects resulting in any work done in accordance with such plans and specification, the failure of the Developer to approve or the disapproval of any plans or other data submitted pursuant to the requirements of these covenants and any injury to property or person, including death, arising from any defect in any improvements constructed on such Owner's lot.

5.06 The Committee shall, in its sole discretion, determine whether the plans and specifications and other data submitted by any Owner for approval are acceptable. Any approval granted by the Committee shall be effective only if such approval is in writing. The Committee shall have the right to disapprove any plans and specifications upon any ground which is consistent with the objectives and purposes of the Protective Covenants, including, without limitation, purely aesthetic considerations, failure to comply with any of the provisions of the Protective Covenants, failure to provide requested information, objection to exterior design, appearances or material, objection on the ground of incompatibility with the overall scheme of development for the Property, objection to location of any proposed improvements on any Lot, objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any dwellings or other improvements on any Lot or any other matter which in the sole and absolute judgment of the Committee, would render the proposed dwelling or other improvements inharmonious with the general plans of development for the Property. The approval of plans, specifications and other data for any one

specific dwelling shall not be deemed an approval or otherwise obligate the Committee to approve similar plans, specifications or data for any other dwelling to be constructed on any Lot within the Property.

5.07 The Property may be located in an area which includes underground mines, tunnels, sinkholes and subsurface conditions. The approval of plans and specifications by the Developer shall not be construed in any respect as a representation or warranty by the Developer to any owner that the surface or subsurface conditions of any lot are suitable for the construction of a dwelling or other structures thereon. It shall be the sole responsibility of each owner to determine the suitability and adequacy of the surface and the subsurface conditions of the Lot. The Developer shall not be liable or responsible for any damage or injury suffered or incurred by owner or any other person as a result of surface or subsurface conditions affecting a Lot or any portion thereof, including, without limitation, any surface or subsurface drainage and any underground mines, tunnels, sinkholes or other contains or types of ground subsidence occurring on or under any Lot. Since a great majority of Shelby County is underlain by carbonate rocks, Developer has been advised by consulting Geotechnical Engineers that it would be advisable that purchasers of lots obtain sinkhole insurance which can be obtained through most major carriers.

5.08 The Committee shall have the right to establish, amend, change and modify from time to time reasonable charges and fees for the review of any plans and specification submitted pursuant to the provisions hereof. Furthermore, the Committee shall, upon request and at reasonable charges, furnish to any Owner a written certificate setting forth whether all necessary Committee approvals have been obtained in connection with any dwelling or other improvements on any Lot.

5.09 The Committee, in its sole and absolute discretion, shall have the exclusive right to grant variances with respect to any of the matters set forth in these Protective Covenants. Any variance approved by the Committee shall be in writing and shall be executed by either the chairman or the vice-chairman of the Committee.

ARTICLE VI

EASEMENTS

6.01 Developer does hereby establish and reserve for itself, the ASSOCIATION, the ARCHITECTURAL COMMITTEE and their respective successors and assigns, a permanent and perpetual non-exclusive easement over, across, through and upon each Lot for the purpose of inspecting each Lot and any dwelling constructed thereon in order to determine the compliance with the provisions of these Protective Covenants and to otherwise perform any of their duties or undertake any of the action authorized or permitted to be taken by any of them pursuant to these Protective Covenants.

6.02 Developer does hereby establish and reserve for itself, its successors and assigns, a permanent and perpetual non-exclusive easement over, across, through, upon and under those portions of any Lot upon which the Developer has reserved an easement, as reflected on the recorded Subdivision Plat for such Lot, which easements may be used for the purpose of installing, erecting, maintaining and using above and below ground utility and cable television lines, poles, wires, cables, conduits, storm sewers, sanitary sewers, conveniences, appurtenances and other utilities.

6.03 Developer does hereby establish and reserve for itself, its successors and assigns, a permanent and perpetual non-exclusive easement over, across, through, upon and under all portion of the Common Area for the purpose of installing, erecting, maintaining and using thereon above and below ground utility and cable television lines, pipes, poles, wires, cables, conduits, storm sewers, conveniences and other utilities.

6.04 Subject to any applicable rules and regulations adopted from time to time by the Association and the payment of any fees and charges which may from time to time be established by the Association, developer does hereby grant to the Association and each Owner the non-exclusive right, privilege and easement of access to and the use of the Common Area in common with Developer, its successors and assigns.

6.05 No lot may be used for the purpose of connecting to the utility systems of the Property (i.e. addition of an easement) and no easement used for anything except its express recorded purpose without the express written consent of Developer.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.01 Developer reserves the right, in its sole and absolute discretion, at any time and from time to time, to add and submit any additional property (the "Additional Property") situated adjacent to or in close proximity within the Property to the terms and provisions of these Protective Covenants. Additional Property may be submitted to the provisions of these Protective Covenants by an instrument executed solely by Developer and filed for record in the Probate Office of Shelby County, Alabama, which instrument shall be deemed an amendment to these Protective Covenants which need not be consented to or approved by any Owner or his mortgagee and which may contain different terms, conditions, restrictions and provisions from those set forth herein. From and after the date on which an amendment to these Protective Covenants is recorded in the Probate Office of Shelby County, Alabama, submitting any Additional Property to the terms and provisions hereof, (a) all references herein to Owner shall include Owners of all Lots within the Property and the Owners of all Lots within such Additional Property, (b) all

references herein to the Property shall include the Additional Property and (c) the number of votes in the Association shall be increased by the number of Lots within the Additional Property so that there shall continue to be one (1) vote in the Association per Lot within the Property. In no event shall Developer be obligated to submit any Additional Property to the provisions of these Protective Covenants or to otherwise impose any covenants, conditions or restrictions set forth herein upon any other real property owned by Developer situated adjacent to or in close proximity within the Property.

7.02 The terms and provisions of these Protective Covenants shall be binding upon each Owner and their respective heirs, executors, administrators, personal representatives, successors and assigns of each Owner and shall enure to the benefit of Developer, the Committee, the Association, and all of the Owners of any of the Lots within the Property. These Protective Covenants shall be deemed covenants running with the land and any Lot shall be held, owned, sold, transferred, conveyed, hypothecated, encumbered, leased, occupied, built upon and otherwise used, improved and maintained subject to all of the terms and provisions of these Protective Covenants.

7.03 It is understood and agreed that the foregoing covenants and restrictions shall attach to and run with the land for a period of Fifty (50) years from the date hereof, at which time these covenants and restrictions shall be automatically extended for successive periods of Ten (10) years, unless, by a vote of at least fifty-one percent (51%) of all votes in the Association, it is agreed to change the same in whole or part.

7.04 Subject to the provisions of Sections 7.01 and 7.08 hereof, these covenants and restrictions may be amended or altered (a) solely by Developer during such periods of time as the Developer owns any Lots within the Property, so long as such amendment does not materially and adversely affect or alter any Owner's right to use his Lot or (b) by the (i) vote of fifty-one percent (51%) of all votes in the Association and (ii) written agreement of the Developer.

7.05 Each Owner hereby waives any right to seek or obtain judicial partition of any portion of the Property.

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

7.07 Whenever in these Protective Covenants, Developer, the Association or the Committee has the right to approve, consent to or require any action to be taken, such approval, consent or required action shall, except as otherwise specifically provided herein to the contrary, be given or withheld in the sole and absolute discretion of Developer, the Association or the Committee, as the case may be.

7.08 Developer reserves the right, in its sole and absolute discretion, at any time and from time to time, without any obligation or requirement to obtain the consent or approval of any Owners or any of their mortgagees, to (a) add any additional real property to the Development to the extent the same may be developed for Residential Lots, (b) alter, change or extend any roadways within the Development or alter any street grades of any roads within the Development, without liability to the Owners for any claims for damages resulting from such alterations or changes, and (c) change, modify or adopt different covenants and restrictions which would affect the Residential Lots within other portions of the Development which covenants and restrictions may be different from those set forth in these Protective Covenants. Developer may undertake any of the actions set forth in this Section 7.08, including, without limitation, executing and recording amendments to these Protective Covenants with respect to any of the matters described in items (a) through (c) above, without the consent or approval of any Owner or his mortgagee. The Protective Covenants shall be applicable only to the Property and shall not extend to or be binding upon any other real property owned by Developer or any portion of the Development unless expressly subjected to the terms and provisions of these Protective Covenants by an instrument duly executed by Developer and recorded in the Office of the Judge of Probate of Shelby County, Alabama. The Development shall not include any real property which may be developed for schools, recreational property, commercial uses or any other uses which are not Residential Lots (collectively, "Non-Residential Uses") and any of the real property which is developed for Non-Residential Uses shall not be subject to assessments pursuant to these Protective Covenants or pursuant to the Articles of Incorporation or Bylaws of the Association.

7.09 In addition to the rights and remedies set forth above, if any Owner (or his contractor, family members, guests or invitees) shall violate or attempt to violate any of the covenants and restrictions set forth herein, then Developer, the Association, or the Committee, jointly and severally, shall each have the right to prosecute proceedings at law for the recovery of damages against such Owner as a result of such violations or maintain a proceeding in equity against such Owner to enjoin such violation; provided however, that the rights and remedies set forth herein shall be deemed to be cumulative of all other rights and remedies available at law or in equity. In any such proceedings, Developer, the Association or the Committee, jointly and severally, shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred by any of them in such proceedings, as well as interest on all unpaid amounts as specified in Section 4.05 above. The failure of Developer, the Association or the Committee to institute proceedings for any one (1) or more violations of these Protective Covenants shall not constitute approval of the same or be construed as a waiver of any right of action contained herein for past or future violations of said covenants and restrictions. Any failure of a Lot Owner, the Association, or Developer at any time to take action to enforce these restrictions shall not be considered any form of estoppel, and shall not constitute approval of same, and also shall not be construed as a waiver of any right or action contained herein.

7.10 Each and every covenant and restriction contained herein shall be considered to be an independent and separate covenant and agreement, and, in the event any one (1) or more of said covenants or restrictions shall, for any reason, be held to be invalid or unenforceable, all remaining covenants and restrictions shall nevertheless remain in full force and effect.

7.11 The terms and provisions of these Protective Covenants shall be binding upon each Owner and the respective heirs, executors, administrators, personal representatives, successors and assigns of each Owner and shall enure to the benefit of the Developer, the Sterling Gate Homeowner's Association, Inc. and all of the Owners of any of the Lots within the Property. All of said restrictions and covenants shall constitute covenants running with the land and all of the deeds hereafter made conveying said lots shall be made subject to the restrictions hereinbefore set out.

7.12 All personal pronouns used herein, whether used in the masculine, feminine or neuter gender, shall include all other genders. The use of the singular tense shall include the plural and vice versa

WITNESS my hand this the 8th day of October, 1999.

FARRIS MANAGEMENT CO. INC.
as Managing General Partner of
GREENBRIAR, LTD.

By Mary F. Roensch
Mary F. Roensch
President, Farris Management Co. Inc.

STATE OF ALABAMA
SHELBY COUNTY

Genda K. Bambo Notary Public in and for said County, in said State, hereby certify that Mary F. Roensch, whose name as President of Farris Management Co. Inc., a corporation, is signed to the foregoing conveyance, and who is known to me, acknowledged before me, on this day that being informed of the contents of such conveyance, she, 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 the 8 day of Oct, 1999.

Genda K. Bambo
Notary Public

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Nov. 11, 2001
NOTARY PUBLIC STATE OF ALABAMA AT LARGE

Inst. # 1999-42074
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SHELBY COUNTY JUDGE OF PROBATE
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