
MT LAUREL

A Traditional Neighborhood Development

DECLARATION

of
Charter, Easements,
Covenants and Restrictions

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TABLE OF CONTENTS
OF
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ARTICLE I:

DEFINITIONS

1.01	Additional Property	2
1.02	Articles	2
1.03	Assessments	2
1.04	Association	2
1.05	Board	2
1.06	Bylaws	2
1.07	Building	2
1.08	Combined Residential Districts	2
1.09	Commercial Districts	2
1.10	Common Roads	3
1.11	Common Expenses	3
1.12	Commons	3
1.13	Declaration	3
1.14	Deferral Period	3
1.15	Districts	3
1.16	Founder	3
1.17	Governmental Authority	4
1.18	Governmental Regulations	4
1.19	Improvements	4
1.20	Live/Work Units	4
1.21	Lot	4
1.22	Master Deed Restrictions	4
1.23	Master Plan	4
1.24	Master Plan Area	4
1.25	Mortgage	5
1.26	Mortgagee	5
1.27	Mt Laurel	5
1.28	Mt Laurel Design Code	5
1.30	Mt Laurel Guild	6
1.31	Multi-Family Districts	6
1.32	Occupant	6
1.33	Owner	6
1.34	Parcel	6
1.35	Probate Office	6
1.36	Residential Unit	6
1.37	Rules and Regulations	6

1.38	Single-Family Districts	6
1.39	Special Use Parcel	6
1.40	Town Architect	6
1.41	Townhouse Districts.	7

ARTICLE II:

PROPERTY COMPRISING MT LAUREL

2.01	Initial Property	7
2.02	Master Plan Area	7
2.03	Annexation of Additional Property	7
2.04	Relationship to Surrounding Property and Reservation of Easements for Founder	8
2.05	Relationship between Lots and Easements	9
2.06	Districts	10
2.07	Street Ends	11
2.08	Development of Property	11

ARTICLE III:

COMMONS

3.01	Title	12
3.02	Maintenance; Capital Improvements	12
3.03	Owners' Easements of Access and Enjoyment	13
3.04	Use of Commons	13
3.05	Common Roads Regulation	14
3.06	Surface Water or Stormwater Management System	15
3.07	Utilities	15
3.08	Limitation of Liability	16

ARTICLE IV:

COMMUNITY PLANNING AND ADMINISTRATION OF THE DESIGN CODE

4.01	Master Deed Restrictions	17
4.02	Binding Effect	17
4.03	Mt Laurel Design Code	17
4.04	Mt Laurel Guild	17
4.05	Construction Activities of the Founder	17

ARTICLE V:

OWNERS' ASSOCIATION

5.01	Duties and Powers	18
5.02	Delegation of Authority and Contracts	18
5.03	Membership	19
5.04	Voting Rights	19
5.05	Exercise of Vote	19
5.06	Election of Board of Directors	19

ARTICLE VI:

ALLOCATION OF INTERESTS

6.01	Generally	19
6.02	Assignment of Values	20
6.03	Control By Founder	22

ARTICLE VII:

ASSOCIATION BUDGET

7.01	Fiscal Year	22
7.02	Common Expense	22
7.03	Reserves	23
7.04	Preparation and Approval of Annual Budget	23
7.05	Effect of Failure to Prepare or Adopt Budget	24

ARTICLE VIII:

COVENANTS FOR ASSESSMENTS

8.01	Assessments and Creation of Lien	24
8.02	Uniform Rate of Assessments	25
8.03	General Assessments	25
8.04	Special Assessments	25
8.05	Individual Parcel Assessments	25
8.06	Date of Commencement of Assessments	26
8.07	Effect of Non-Payment; Remedies of the Association	26
8.08	Subordination of Lien	28
8.09	Certificates	28
8.10	Transfer Fees	28

ARTICLE IX:

USE OF PARCELS

9.01	Permitted Uses	29
9.02	Prohibited Uses	29
9.03	Attractiveness and Safety of Parcels	30
9.04	Rules and Regulations	30
9.05	Enforcement	30

ARTICLE X:

INSURANCE

10.01	Insurance Maintained by the Association	32
10.02	Owner Coverage	32
10.03	Repair and Reconstruction after Fire or Other Casualty	32
10.04	Condemnation	33

ARTICLE XI:

**AMENDMENT, DEDICATION AND CONVEYANCE
OF COMMONS AND TERMINATION OF DECLARATION**

11.01	Amendment	33
11.02	Restrictions on Amendment	34
11.03	Dedication	35
11.04	Duration; Termination	36

ARTICLE XII:

GENERAL PROVISIONS

12.01	Interpretation	36
12.02	Severability	36
12.03	Enforcement of Declaration	36
12.04	Notices	37
12.05	Gender and Number	38
12.06	Law to Govern	38
12.07	No Reverter	38
12.08	Control by Founder	38
12.09	Rights of Third Parties	38
12.10	No Trespass	38
12.11	No Partition	38
12.12	Assignment	38
12.13	Binding Effect	38
12.14		38
	Standards for Review	38
12.15	Oral Statements	39
12.16	Further Assurances	39

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EBSCO DEVELOPMENT COMPANY, INC., an Alabama corporation, makes this Declaration as of the 1st day of September, year of 2000.

STATEMENT OF PURPOSE:

The Founder, as hereinafter defined, has developed the first portion of a new Traditional Neighborhood Development upon certain real property situated in Shelby County, Alabama which has been platted as and is shown on the Final Plat for the Private, Mixed Use, Traditional Neighborhood Development Subdivision of Mt Laurel-Phase I, as recorded in Map Book 27, Page 72A+B in the Office of the Judge of Probate of Shelby County, Alabama (the "Initial Plat").

The master plan for Mt Laurel calls for the creation of a new neighborhood, with walkable streets, parks, businesses, and a range of housing types. Unlike typical suburbs which separate homes from businesses and force dependence on the automobile, the Mt Laurel design is intended to mix commercial, civic and residential uses in a way which enlivens the community.

Mt Laurel is subject to Master Deed Restrictions recorded immediately prior to this Declaration, which regulate the construction and modification of buildings and other improvements within Mt Laurel.

The Founder records this Declaration for this new community and has contemporaneously herewith established an owners' association to enhance community life, to establish and enforce certain covenants and restrictions contained herein, in the Rules and Regulations and the Mt Laurel Design Code, to provide for further maintenance of the community of Mt Laurel and to allow for the future self-governing of Mt Laurel by its owners.

DECLARATION:

The Founder, who is the owner of all of the real property which comprises the Initial Plat, hereby submits all of the real property shown on the Initial Plat to this Declaration of Charter, Easements, Covenants and Restrictions. The Founder hereby declares that the real property comprising the Initial Plat shall be held, sold and conveyed subject to the covenants, conditions, restrictions, easements, assessments, charges, liens and regulations of this Declaration, which shall run with the land and be binding on all parties and the heirs, successors and assigns of all parties having any right, title or interest in all or any part of Mt Laurel, as hereinafter defined.

ARTICLE I: Definitions

The following definitions apply wherever the capitalized terms appear in this Declaration. Additional terms which apply only to one article are defined the first time they appear. The meanings set forth below shall be applicable to both the singular and plural forms and tenses of the following definitions.

1.01 Additional Property. “Additional Property” shall mean and refer to any real property (and any Improvements thereto) lying adjacent to or in close proximity with Mt Laurel (but which does not presently comprise any part of Mt Laurel) which the Founder may from time to time submit and add to the provisions of this Declaration pursuant to the provisions of Section 2.03 of this Declaration. The Additional Property may also include additional Commons.

1.02 Articles. “Articles” are the Articles of Incorporation of the Association, as the same may be amended from time to time.

1.03 Assessments. “Assessments” is the collective term for the following Association charges:

(a) General Assessment. The term “General Assessment” is the amount payable each year by each Owner to meet the Association’s annual budgeted Common Expenses pursuant to the provisions of Section 8.03.

(b) Individual Parcel Assessment. An “Individual Parcel Assessment” is a charge made to a particular Owner for charges relating only to that Owner or such Owner’s Parcel, as provided in Section 8.05.

(c) Special Assessment. A “Special Assessment” may be charged to each Owner and such Owner’s Parcel for capital improvements or emergency expenses, in accordance with the provisions of Section 8.04.

1.04 Association. “Association” is the Mt Laurel Neighborhood Association, Inc., an Alabama nonprofit corporation, its successors and assigns. The Association, whose members are the Owners, is responsible for maintaining the Commons within Mt Laurel and enforcing this Declaration.

1.05 Board. “Board” is the Board of Directors of the Association and their duly elected successors, as provided in the Bylaws.

1.06 Bylaws. “Bylaws” are the Bylaws of the Association, as the same may be amended from time to time.

1.07 Building. The term “Building” shall mean and refer to any and all Residential Units, all garages, garage apartments, buildings (including, without limitation, all commercial, retail, governmental, office and other buildings or structures), outbuildings and attached buildings or structures constructed, installed, erected, placed or maintained on any Lot or Parcel.

1.08 Combined Residential Districts. “Combined Residential Districts” means and includes all Multi-Family Districts, all Single-Family Districts and all Townhouse Districts.

1.09 Commercial Districts. “Commercial Districts” shall mean and refer to any of the areas of Mt Laurel which have been designated as commercial/retail areas, Live/Work Units, fire and police stations, churches and other office or commercial areas on the Master Plan. Except for Live/Work Units, none of the Commercial Districts shall be subject to any General Assessments or Special Assessments.

1.10 Common Roads. "Common Roads" are the public or private streets, alleys and alleyways and the rights-of-way for the same located within Mt Laurel which are intended for automobile traffic. Any Common Roads not dedicated to the public shall be part of the Commons.

1.11 Common Expenses. "Common Expenses" are defined in Section 7.02 below.

1.12 Commons. "Commons" comprises any real property within Mt Laurel designated as "commons" on the Initial Plat (or any subsequent plat for any Additional Property added by the Founder to this Declaration), or specifically conveyed to the Association by the Founder, for the common use and enjoyment of all Owners. In addition to the foregoing, "Commons" shall also include (regardless of whether legal title to the same has been transferred or conveyed to the Association) (a) all of the Common Roads, private access easements, pedestrian walkways and any alleys or alleyways shown on any subdivision plats for any portion of Mt Laurel (to the extent that the same have not been dedicated to or are not being maintained by any Governmental Authority), (b) all Buildings and personal property either owned or utilized by the Association for the common use and enjoyment of all Owners or in connection with the performance of any of the duties or obligations of the Association, (c) any private roadways or easements upon which private roadways providing ingress to and egress from Mt Laurel have been constructed which may be adjacent to or in close proximity with (but otherwise outside of) Mt Laurel (other than any such private roadways or easements which are located solely within the boundary lines of any Lot), (d) all signage, street lights, lighting, walkways, sidewalks, paths, bicycle and jogging paths and lanes, gates, walls, fences, landscaping and landscaped or other areas immediately adjacent to any of the Common Roads (other than any such areas located (i) on or within the boundary lines of any Lot or (ii) solely within any of the Commercial Districts), (e) all lakes, water features, storm drains and sewers, drainage and/or watershed protection or retention ponds, basins or other areas and facilities located within Mt Laurel (other than such areas located solely within the boundary lines or any Lot or which are maintained by any Governmental Authority), (f) all utility lines, pipes, ducts, conduits, equipment, machinery and other apparatus and appurtenances which serve any of the Commons (which are not owned or maintained by any public or private utility providers), (g) all maintenance areas and parking areas located on any portion of Mt Laurel (other than such areas located solely within the boundary lines of any Lot or situated within any of the Commercial Districts) and (h) any and all parks, nature trails and all other recreational, community facilities, areas and Improvements within or lying outside the boundaries of Mt Laurel which are designated by the Founder or the Association as Commons from time to time. The designation of any land and/or Improvements as Commons shall not mean or imply that the public at large acquires any easement of use or enjoyment or any other rights, licenses or benefits therein or to the use thereof. The Commons may include areas dedicated to the public, to the extent that the Association agrees to maintain, or is required by this Declaration to maintain, such property.

1.13 Declaration. "Declaration" is this Declaration of Charter, Easements, Covenants and Restrictions for Mt Laurel, together with any amendments thereto.

1.14 Deferral Period. The "Deferral Period" is the period of time from the date of this Declaration until July 1, 2001.

1.15 Districts. "Districts" mean and refer collectively to all of the land use districts which have been established for Mt Laurel under the Master Plan (as the same may be amended from time to time). As of the date of this Declaration, Mt Laurel consists of the Combined Residential Districts and Commercial Districts; however, the Founder and the Town Architect have the right to adopt additional or new District classifications for Mt Laurel as provided in the Master Deed Restrictions. The Districts reflected on the Master Plan are subject to change from time to time and at any time as provided in the Master Deed Restrictions.

1.16 Founder. The "Founder" is EBSCO Development Company, Inc., an Alabama corporation, its successors and assigns.

1.17 Governmental Authority. “Governmental Authority” means any and all city, county, state and federal governmental or quasi-governmental agencies, bureaus, departments, divisions or regulatory authorities having jurisdiction over any portion of Mt Laurel.

1.18 Governmental Regulations. “Governmental Regulations” means all statutes, ordinances, codes, laws, permits, legislation, rules, regulations, requirements and rulings of any Governmental Authority.

1.19 Improvements. “Improvements” shall mean and refer to any and all Buildings, structures or other devices constructed, erected, placed or maintained upon any Parcel which in any way affects, alters or causes a change in the exterior appearance of such Parcel or any Building situated thereon. Improvements shall include, by way of illustration and not limitation, all Buildings, structures, sheds, foundations, covered patios, weather vanes, underground utilities, roads, driveways, walkways, paving, curbing, parking areas, swimming pools, tennis courts, treehouses, playhouses, swingsets, trees, shrubbery, landscaping, fences, screening, walls, signs and any other artificial or man-made changes or alterations to the natural condition of any Parcel and any fixtures, appurtenances, personal property or devices installed, erected, constructed, attached, placed or maintained on the exterior of any Building situated on any Parcel. The term “Improvements” shall also mean any grading, excavation or fill work undertaken on any Parcel and shall include the planting or removal of plants, trees or other landscaping materials; provided, however, that notwithstanding the foregoing, the removal of dead or diseased trees, shrubbery or other plant life or material, the planting of additional trees, shrubbery, flowers, plant life or other plant matter on a Parcel following the installation of the initial landscaping for such Parcel (as approved by the Mt Laurel Design Review Board) shall not be deemed to be “Improvements” to a Parcel.

1.20 Live/Work Units. “Live/Work Units” are situated within the Commercial Districts of Mt Laurel and constitute Parcels which are used for both Residential Units and a commercial or professional office building or retail use.

1.21 Lot. A “Lot” is a parcel of land within Mt Laurel upon which it is intended that a Building or Buildings may be constructed; provided, however, that no portions of the Commons shall be considered Lots. Generally, Lots are designated as numbered or lettered, separately identifiable parcels on recorded subdivision plats of Mt Laurel but may include Lots which are unplatted and which are described by metes and bounds descriptions. However, the Founder may redefine Lots prior to sale by dividing or combining Lots or portions of Lots and adjusting the boundary of a Lot.

1.22 Master Deed Restrictions. “Master Deed Restrictions” means and refers to the Master Deed Restrictions dated as of the date of this Declaration and recorded immediately prior to this Declaration in the Probate Office. The Master Deed Restrictions, which apply to all Parcels within the Initial Plat, are intended to ensure the proper application of the Mt Laurel Design Code during the development stage and to impose other restrictions designed to further the development of the community.

1.23 Master Plan. The “Master Plan” is the initial plan for the development of the Master Plan Area. Until the Turnover Date, the Master Plan is subject to changes based on market conditions, Governmental Regulations and any other modifications which the Founder may, in its sole discretion, elect to make to the Master Plan. After the Turnover Date, the Master Plan may be changed and modified as provided in the Master Deed Restrictions.

1.24 Master Plan Area. The “Master Plan Area” is that real property shown on the Master Plan which the Founder intends for development as a single, unified Traditional Neighborhood Development; provided, however, that in no event shall the Founder be obligated to submit any of the Master Plan Area other than that real property shown on the Initial Plat to the terms and provisions of this Declaration or to otherwise impose any of the covenants, conditions or restrictions set forth in this Declaration upon any real property owned by the Founder, whether the same be part of the Master Plan Area or other real property owned by the Founder situated adjacent to or in close proximity with that real property shown on the Initial Plat. The Founder may (but without any

obligation) submit the Master Plan Area, in phases, to this Declaration or may, in the Founder's sole discretion, submit portions of the Master Plan Area, such as the primarily commercial portions, to a separate declaration.

1.25 Mortgage. "Mortgage" shall mean and refer to any mortgage, deed or trust or other security device encumbering any Lot or Parcel or any interest therein which shall have been duly and properly recorded in the Probate Office.

1.26 Mortgagee. A "Mortgagee" is any institutional lender which holds a bona fide first Mortgage encumbering a Parcel as security for the performance of an obligation. The term "institutional lender" specifically includes a bank, savings and loan association, a mortgage lending company, an insurance company, and the Federal National Mortgage Association and similar agencies.

1.27 Mt Laurel. "Mt Laurel" is the real property shown on the Initial Plat for Mt Laurel, as described on the first page of this Declaration, plus any Additional Property added in accordance with Section 2.03 of this Declaration.

1.28 Mt Laurel Design Code. The "Mt Laurel Design Code" establishes the plan for the development of Mt Laurel through its regulation of land use, architecture and environment. The Mt Laurel Design Code, as originally adopted by the Founder as provided in the Master Deed Restrictions and as may be amended from time to time, comprises all of the following:

- (a) The Design Principles, which describe fundamental and underlying tenets of good design;
- (b) The Architectural Regulations, which guide the design of Buildings and describe the materials of which Buildings may be constructed;
- (c) The Landscaping Regulations, which regulate the planting and maintenance of trees and plants;
- (d) Vernacular Character, which offers illustrations of local and historical examples which influence the forms and details of the architecture of Mt Laurel;
- (e) The Urban Regulations, which establish setbacks, lot coverage and other similar matters;
- (f) The Regulating Plans, which include the Master Plan, which establish zoning categories and depict the streets, Commons, Districts and any civic use lots for the real property encompassed by the Master Plan Area; and
- (g) The Design Review Procedures, which describe the steps for approval of all Buildings, landscaping and other Improvements to any Lot or Parcel.

The Mt Laurel Design Code does not need to be recorded to be effective but shall be available from the Mt Laurel Design Review Board. By this reference, the Mt Laurel Design Code, as the same may be amended from time to time, is incorporated into and made a part of this Declaration. The Mt Laurel Design Code is subject to amendment and modification by the Founder and the Town Architect in the manner set forth in Section 1.04 of the Master Deed Restrictions.

1.29 Mt Laurel Design Review Board. The "Mt Laurel Design Review Board" is the panel established pursuant to the Master Deed Restrictions to administer the Mt Laurel Design Code.

1.30 Mt Laurel Guild. The "Mt Laurel Guild" consists of those persons identified from time to time by the Mt Laurel Design Review Board who are engaged in the business of constructing Buildings for resale and who

apply and are admitted to the Mt Laurel Guild by the Mt Laurel Design Review Board, making them eligible to purchase Lots and build Buildings in Mt Laurel for resale so long as such persons remain participants in good standing in the Mt Laurel Guild.

1.31 Multi-Family Districts. “Multi-Family Districts” means any of the areas of Mt Laurel which have been designated as apartment areas or multi-family areas on the Master Plan. Multi-Family Districts are limited in use to Commons, Residential Units used as apartment units and, to the extent approved by the Mt Laurel Design Review Board, any related facilities and amenities normally and customarily found in apartment complexes.

1.32 Occupant. “Occupant” includes any family members, guests, tenants, agents, servants, employees and invitees of any Owner and their respective family members, guests, tenants, agents, servants, employees, invitees and any other person who occupies or uses any Residential Unit within Mt Laurel. All actions or omissions of any Occupant is and shall be deemed the action or omission of the Owner of such Residential Unit.

1.33 Owner. “Owner” is the record owner, whether one or more persons or entities, of the fee simple title to any Parcel. Owners shall not include those having such interest merely as security for the performance of an obligation.

1.34 Parcel. A “Parcel” is the smallest piece of real property within Mt Laurel which may be separately conveyed. A Parcel may be a Lot, a Residential Unit or a Special Use Parcel.

1.35 Probate Office. “Probate Office” means the Office of the Judge of Probate of Shelby County, Alabama and any successor thereto which serves as the official public registry for the public recording of real estate documents affecting real property situated in Shelby County, Alabama.

1.36 Residential Unit. A “Residential Unit” is an individual dwelling unit and shall include both attached and detached residential dwelling units, a townhouse or other attached dwelling intended primarily for residential dwelling purposes (such as each half of a duplex unit), an apartment or condominium unit, a residential dwelling within a mixed-use building (*i.e.*, a Live/Work Unit), or an assisted living facility unit (but not a nursing home).

1.37 Rules and Regulations. “Rules and Regulations” mean and refer to the Rules and Regulations of Mt Laurel adopted by the Board from time to time, which Rules and Regulations are subject to modification and amendment from time to time and at any time by the action of the Board.

1.38 Single-Family Districts. “Single-Family Districts” means any and all areas of Mt Laurel which have been designated as single-family areas on the Master Plan. Single-Family Districts are limited in use to Commons, detached single-family Residential Units and, to the extent approved by the Mt Laurel Design Review Board, any related facilities and amenities normally and customarily found in single-family residential neighborhoods.

1.39 Special Use Parcel. A “Special Use Parcel” is a Parcel of unconventional size, shape, location or use which calls for special design and use considerations. Typically, a Special Use Parcel will be used for community or recreational facilities, Commons, schools, churches, fire and police stations, libraries and other governmental buildings or structures, as designated from time to time by the Founder, the Mt Laurel Design Review Board or the Association pursuant to Section 6.02(h) below. ***Special Use Parcels are not subject to General Assessments or Special Assessments (but are subject to Individual Parcel Assessments) and are not entitled to any voting rights in the Association.***

1.40 Town Architect. “Town Architect” is defined in the Master Deed Restrictions.

1.41 Townhouse Districts. “Townhouse Districts” mean and refer to those areas of Mt Laurel which have been designated as townhouse areas on the Master Plan. Townhouse Districts are limited in use to Commons, attached

Residential Units and, to the extent approved by the Mt Laurel Design Review Board, any related facilities and amenities normally and customarily found in townhouse developments or single-family residential neighborhoods.

1.42 Turnover Date. "Turnover Date" means the earlier of (a) the date on which the Founder no longer owns any Parcel within Mt Laurel or (b) the date on which Developer elects, in its sole and absolute discretion, to relinquish (i) all rights to appoint and remove members of the Board pursuant to this Declaration and the Bylaws and (ii) all voting rights in the Association reserved to the Founder pursuant to this Declaration and the Bylaws.

ARTICLE II: Property Comprising Mt Laurel

Mt Laurel is intended to include offices, restaurants, shops, recreational facilities and other commercial and civic areas, as well as residential areas. This article describes the real property of which Mt Laurel will initially be comprised, provides the method by which Additional Property may be added and establishes certain necessary easements.

2.01 Initial Property. The real property which shall be held, transferred, conveyed and occupied subject to this Declaration consists initially of that real property described on the Initial Plat.

2.02 Master Plan Area. The property which comprises the Master Plan Area is intended for development as a single, unified Traditional Neighborhood Development and is intended to include residential, mixed-use and commercial properties. However, the Master Plan is subject to change, and there are no assurances that the Master Plan Area will be developed in accordance with the Master Plan or that such property will be part of Mt Laurel or subjected to this Declaration. Portions of the Master Plan Area which are primarily commercial may be submitted to this Declaration in accordance with Section 2.03 or may be submitted to a separate declaration and maintained by a separate association or other entity.

2.03 Annexation of Additional Property. The Founder reserves the right, in its sole and absolute discretion, at any time and from time to time during the term of this Declaration, to add, annex and submit any Additional Property to the terms and provisions of this Declaration. The Additional Property may include any of the property which comprises part of the Master Plan Area or any other real property owned by the Founder or by any third party which the Founder, in its sole discretion, elects (with the consent of such owner) to add to the terms and provisions of this Declaration. Additional Property may be submitted to the terms and provisions of this Declaration by an instrument executed by the Founder in the manner required for the execution of deeds and recorded in the Probate Office, which instrument shall be deemed an amendment to this Declaration (which need not be consented to or approved by any Owner, Occupant or Mortgagee) and shall (a) refer to this Declaration, (b) contain a statement that such Additional Property is conveyed or subject to the provisions of this Declaration or only specified portions thereof, (c) contain a legal description of such Additional Property and (d) state such other or different covenants, conditions or restrictions as the Founder, in its sole discretion, may specify to regulate and control the use, occupancy and improvement of such Additional Property. In no event shall the Founder be obligated to submit any Additional Property to the terms and provisions of this Declaration. Notwithstanding anything provided in this Declaration to the contrary, (i) the provisions of this Section 2.03 may not be abrogated, modified, rescinded, supplemented or amended, in whole or in part, without the prior written consent of the Founder, (ii) the rights reserved by the Founder to add Additional Property to this Declaration pursuant to this Section 2.03 shall not be deemed to inure to the benefit of any transferee or purchaser of any property constituting part of Mt Laurel or any Additional Property added to this Declaration unless the Founder, in its sole and absolute discretion, transfers and conveys to such transferee or purchaser the rights reserved herein by the Founder by express written reference to this Section 2.03 and (iii) if the Founder elects to add Additional Property to this Declaration, then this Declaration may be amended in accordance with the terms and provisions of this Section 2.03 without any requirement that the consent or approval of any Owner or Mortgagee be obtained.

2.04 Relationship to Surrounding Property and Reservation of Easements for Founder. The construction of Mt Laurel is intended to follow design principles which allow interconnectivity of streets with neighboring communities. The Founder hereby establishes and reserves for itself, and the Association and their respective agents, employees, representatives, invitees, successors and assigns, the following easements, which may be assigned for the benefit of other properties within the Master Plan Area and all other properties owned by the Founder or its assigns which are adjacent to, or reasonably near, Mt Laurel (including property separated from Mt Laurel by a public road) whether or not such properties are developed as part of Mt Laurel:

(a) Common Roads. A permanent and perpetual non-exclusive easement over, across, through, under and upon all Common Roads for the use of the same for vehicular and pedestrian purposes, along with a permanent and perpetual non-exclusive easement for appropriate use of any pedestrian or bicycle paths thereon.

(b) Utility Easements. A permanent and perpetual non-exclusive blanket easement upon, across, over, through, and under all of Mt Laurel (including all Parcels and Commons therein) and any Additional Property added to Mt Laurel for ingress, egress and the installation, replacement, repair and maintenance of any and all public and private utility and service systems to serve property within and outside of Mt Laurel. These systems include, but are not limited to, water, sanitary sewer, irrigation systems, drainage, telephone, electricity, gas, television, security, cable or communication lines, pipes, wiring, conduit, machinery, equipment and any other apparatus. By virtue of this easement the Founder, and its successors or assigns, may install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits on any Parcel and any of the Commons. However, the exercise of this easement must not unreasonably disturb an Owner's right of quiet enjoyment of any Building on such Owner's Parcel.

(c) General Access. A permanent and perpetual non-exclusive easement over, across, through and upon all of Mt Laurel (including all Parcels therein) for the purpose of (a) providing ingress to and from such real property in connection with performing (i) any inspections the same to determine compliance with the terms and provisions of this Declaration and (ii) any of the duties of the Founder, the Association, the Mt Laurel Design Review Board or any of their respective agents, employees, representatives, invitees, successors and assigns, hereunder and under the Mt Laurel Design Code, (b) mowing, removing, clearing, cutting or pruning underbrush, weeds, stones or other unsightly growth and removing trash so as to maintain reasonable standards of health, fire, safety and appearance within Mt Laurel and (c) exercising any of the rights and remedies granted or created by this Declaration, including, without limitation, the rights and remedies of the Association set forth in Section 9.05 below or the Master Deed Restrictions; provided, however, that the foregoing easement shall not impose any duty or obligation on the Founder, the Association or the Mt Laurel Design Review Board to perform any of the foregoing actions.

(d) Waterfront Lots. A permanent and perpetual non-exclusive easement thirty (30) feet in width upon any Parcel lying directly adjacent to any lake or water features within Mt Laurel for the purposes of mowing, removing, clearing, cutting or pruning underbrush, weeds, stones or other unsightly growth and removing trash therefrom so as to maintain reasonable standards of health, fire, safety and appearance within Mt Laurel; provided, however that the reservation of the foregoing easements shall not impose any duty or obligation upon the Founder or the Association to perform or undertake any of the foregoing actions.

(e) Sidewalks and Signage. A permanent and perpetual non-exclusive easement over, across, through and upon a strip of land ten (10) feet in width on each Parcel lying parallel to and running along the exterior boundary of each Parcel and any Common Roads which are directly adjacent to and abut such Parcel for the purpose of constructing, installing, maintaining, repairing, operating, replacing and the use of sidewalks, walkways, trails, bicycle and jogging paths and lanes, traffic directional signage and related Improvements; provided, however, that neither the Founder nor the Association shall have any obligation to construct any of the foregoing Improvements.

(f) Encroachments. A permanent and perpetual non-exclusive easement over, across, through and upon all Parcels for minor encroachments which may result from any Improvements which have been constructed on the Commons.

2.05 Relationship between Lots and Easements.

(a) Intent. The design for Mt Laurel is intended to maximize land usage and sense of community by providing parks and natural open space while offering small, private yards for individual use. As provided by the Mt Laurel Design Code, certain Buildings within Mt Laurel may be attached, or may be placed on or near the property line of a Parcel. The easements in this Section 2.05 are intended to provide guidelines for reasonable cooperation between neighbors. The Association may make rules for maintenance and use of easement areas and shared Improvements which shall be applied uniformly to all Lots similarly configured. No easements for light, air or view shall be deemed to be created or exist in favor of any Owner or such Owner's Lot or any Parcel.

(b) Subdivision. Lots may not be subdivided or separated into smaller lots, nor may any portion of a Lot be separately conveyed, except by the Founder or with the specific consent of the Mt Laurel Design Review Board. However, this shall not prohibit corrective deeds or similar corrective instruments. The Founder may redefine Lots at any time by dividing or combining Lots or portions of Lots and adjusting the boundary of a Lot. The Founder shall also have the right to modify subdivision plats of Mt Laurel to make adjustments to Lot boundary lines with the consent only of those Owners whose Lot boundaries are to be changed.

(c) Structural Party Walls. The Owner of each Lot upon which the exterior wall of a Building has been constructed on the property line of such Lot does hereby grant to the Owner of the adjacent Lot the permanent and perpetual right and easement to maintain and utilize the exterior wall of any such Building which forms a party wall between the two Lots for both vertical and lateral support and the construction and attachment thereto of another Building. A wall will be considered a party wall only if it provides structural support for the Buildings, or parts of a Building, on more than one Lot and is situated on the property line of a Lot. Maintenance of the surface of the party wall shall be the sole responsibility of the Owner of each building which abuts such wall. Each Owner shall be liable and responsible if, in connection with that Owner's use and maintenance of the party wall, the Owner damages the adjacent Owner's Lot or the party wall itself. The cost of any other repairs to the party wall shall be shared equally by the adjacent Owners.

(d) Exterior Walls and Fences. An exterior wall which supports a Building on any one Lot or which encloses a courtyard on one Lot which has been constructed along the property line of such Lot and any fence constructed along the property line of any Lot (collectively, an "Abutting Wall or Fence") shall not be considered a party wall or subject to the provisions of Section 2.05(c) above unless and until the Owner of the adjacent Lot elects to construct and attach another Building thereto. To the extent the party wall easement created and granted pursuant to Section 2.05(c) above is not exercised by the Owner of the adjacent Lot, then the provisions of this Section 2.05(d) shall be applicable to the use of the Abutting Wall or Fence. The Owner who constructs an Abutting Wall or Fence along the property line of such Owner's Lot does hereby grant to the Owner of the adjacent Lot the permanent and perpetual right and easement to erect and maintain on and along the Abutting Wall or Fence trellises, landscaping and other landscaping-related improvements as well as attaching to such Abutting Wall or Fence additional walls or fencing subject to the following terms and conditions:

(i) If any such trellises, landscaping or other landscaping-related improvements or any additional walls or fencing are attached to such Abutting Wall or Fence, then the Owner of the adjacent Lot installing the same shall (1) be responsible for any damage to the Abutting Wall or Fence caused by or resulting from such landscaping or other landscaping-related improvements or any additional walls or fencing attached to such Abutting Wall or Fence; (2) be solely responsible for routine, non-structural maintenance and repairs (including painting) of that portion of the Abutting Wall or Fence which fronts any portion of such Owner's Lot; and

(3) any such landscaping or other landscaping-related improvements or additional fencing or walls installed on or adjacent to the Abutting Wall or Fence shall not block the view from any windows of the Building which constitutes part of the Abutting Wall or Fence or be allowed to grow along or onto any windows or roofing on any such Building which constitutes part of such Abutting Wall or Fence; and

(ii) Notwithstanding anything provided to the contrary in this Section 2.05(d), in the event the Owner of the Building or fence which constitutes an Abutting Wall or Fence elects to make any structural alterations or repairs to the Building or fence which constitutes an Abutting Wall or Fence, such Owner shall be entitled to make such alterations and repairs, and to otherwise enter upon the adjoining Lot to undertake the same including, if reasonably necessary or required for such structural repairs, removing any and all landscaping or other landscaping-related improvements and any additional fences or walls which the adjoining Owner may have constructed or installed on or attached to the Abutting Wall or Fence.

(e) Yard Easements. To allow most efficient use of a Lot while complying with any applicable setback requirements, a portion of a Lot along a Lot line may be subject to an easement for use by the adjoining Lot Owner. Such easements may be designated on the recorded subdivision plat, in the Mt Laurel Design Code or on the deed from the Founder to the first Owner of such Lot other than the Founder. Such use easements may be up to four (4) feet wide and shall run along a boundary line, but shall not encroach upon more than one boundary line (other than corner Lots which may be subject to two (2) use easements along both a side Lot line and either the front or rear Lot line of such corner Lot). Subject to regulation under the Mt Laurel Design Code, the beneficiary of such an easement shall have the use and maintenance responsibility for the easement area and may place air-conditioning equipment, fences, decks or patios and other fixtures (but not a primary structure or Building) upon the easement area.

(f) Roof Overhang. Where Buildings are built along a property line as permitted by the Mt Laurel Design Code, roofs may overhang a property line by a maximum of 12 inches.

(g) Easement for Townhouse Encroachments. With respect to all Lots located within any of the Townhouse Districts, the Founder does hereby declare and establish a permanent and perpetual reciprocal appurtenant easement for encroachments of up to 12 inches (measured from the common property line of Lots within the Townhouse Districts) by which the Building on one Lot may encroach onto the adjacent Lot in any Townhouse District to the extent such encroachment results from the unintentional placement, settlement or shifting of a Building on a Lot within any of the Townhouse Districts. The foregoing easement for encroachments shall only be applicable to Lots and Buildings within Townhouse Districts.

2.06 Districts.

(a) Designation. District boundaries are set forth on the Master Plan. To the extent any Additional Property is added to the terms and provisions of this Declaration, then the Master Plan shall be amended, as provided in the Master Deed Restrictions, to reflect the District boundaries of such Additional Property.

(b) Characteristics. To the extent reasonably possible, all Parcels on both sides of a street shall be included within the same District. Separate Districts may be created if the street is interrupted by cross streets, by changes in topography or by Commons, or if Parcels on opposing sides of the street are of significantly different character.

(c) Reclassification. At any time or times prior to the Turnover Date, the Founder reserves the right, in its sole and absolute discretion and without any requirement or obligation to obtain the consent or approval of any Owners, Mortgagees or any other parties, to (i) change the District boundaries and classifications for any

portion of Mt Laurel which is then owned by the Founder, (ii) change the District boundaries and classifications of any other portions of Mt Laurel which are owned by third parties other than the Founder so long as the consent and approval of all Owners who own any Lot or Parcel subject to such reclassification consent to the same, (iii) amend the Master Plan at any time and from time to time in order to reflect any changes in District designations or boundaries as authorized and permitted by the terms and provisions of this Section 2.06(c) and (iv) amend this Declaration in order to reflect any of the foregoing. **Each Owner, by acceptance of a deed to any Parcel, does hereby acknowledge and agree that the Founder shall have the right to take any and all of the foregoing actions specified in this Section 2.06(c) without any obligation or requirement that the consent or approval of any Owner or Mortgagee be obtained.**

2.07 Street Ends. Mt Laurel is intended to follow traditional neighborhood design principles which allow interconnectivity of streets with neighboring communities. Certain streets on the Master Plan end at the boundary of Mt Laurel so that communities which are developed later may connect with those streets. If the neighboring property is developed in a way that interconnectivity is not possible, then the Founder reserves the right to convert the street ends to additional Lots or other uses.

2.08 Development of Property. Until the occurrence of the Turnover Date, the Founder shall have the right, but not the obligation, to make improvements and changes to the Commons and all Parcels owned by the Founder, including, without limitation, (a) installation and maintenance of any Improvements in or to any of the Commons, including the Common Roads, (b) changing the location of the boundaries of any Parcels owned by the Founder or the boundaries of any of the Commons, (c) modifying and amending the Master Plan and the Mt Laurel Design Code and the District Classification for any Parcel (d) adding additional Commons to Mt Laurel, (e) installation and maintenance of any water, sanitary sewer, storm sewer and any other utility lines, pipes, wiring, conduit, systems and facilities within any of the Commons or Common Roads and (f) installation and maintenance of trash and refuse facilities or mailboxes or kiosks (for the handling of mail) on or within any of the Commons. The exercise by the Founder of any of the rights set forth in this Section 2.08 may be exercised solely by the Founder without any requirement that the consent or approval of any Owners or Mortgagees be obtained. Each Owner, by acceptance of a deed to any Parcel, acknowledges and agrees that the Founder, its successors and assigns, may either currently own or may in the future own real property situated adjacent to or in close proximity with Mt Laurel which may not be subject to any of the terms and provisions of this Declaration unless the Founder, in its sole and absolute discretion, elects to add such real property to the terms and provisions of this Declaration as Additional Property pursuant to the terms and provisions of Section 2.03 above. Furthermore, each Owner, by acceptance of a deed to any Parcel, acknowledges and agrees that Mt Laurel shall constitute a mixed-use development whereby Townhouse Districts and Multi-Family Districts may be situated directly adjacent to Single-Family Districts and Combined Residential Districts may be situated directly adjacent to Commercial Districts and vice-versa.

ARTICLE III: Commons

Certain property within Mt Laurel and certain easement rights, called the "Commons," are to be maintained by the Association for the benefit of all Owners. The Commons are intended to include natural open space, parks and recreational facilities.

3.01 Title.

(a) Association-Owned Commons. The Association may, but shall not be required to, hold title to the Commons. For those portions of the Commons which consist of easements and other rights, the Association may be the holder of those rights. No Owner (other than the Founder or those persons authorized by the Association) may make any Improvements to the Commons.

(b) Additional Commons. The Founder may convey to the Association or otherwise designate additional Commons which the Association shall accept for maintenance. However, as provided in Section 3.01(a) above, the Association need not hold legal title to, or receive a conveyance of, any of the Commons.

3.02 Maintenance; Capital Improvements.

(a) Generally. Subject to the terms and provisions of Sections 3.02(c), 3.02(d) and 9.03(a) below and the rights reserved by the Founder pursuant to Sections 3.04(e) and 11.03 below, the Association shall be responsible for the management, control and improvement of the Commons and shall keep the Commons attractive, clean and in good repair.

(b) Capital Improvements. The Association may make capital improvements to the Commons and may modify the uses of the Commons. For example, the Association may create parking areas within the Commons or add new recreational facilities (which improvements must be approved in accordance with the architectural review provisions of the Master Deed Restrictions).

(c) Sidewalks and Parking Lots Within Commercial Districts. Notwithstanding anything provided in this Declaration to the contrary, the Owner of each Parcel within any of the Commercial Districts shall be responsible for maintaining any and all sidewalks situated within or upon such Owner's Parcel and any other areas on or adjacent to such Owner's Parcel in the Commercial Districts up to the curb of the street or roadway abutting such Parcel. The Commercial Districts may be subject to separate covenants or declarations whereby the cost of maintaining the sidewalks within any of the Commercial Districts shall be paid on a prorata basis by and among the Owners of any such Parcels within the Commercial Districts and the maintenance of such sidewalks shall be performed by one or more owners' associations which may be established for any of the Commercial Districts. The foregoing maintenance and repair obligation shall extend to and include the repair and replacement of all sidewalks, the general cleaning and removal of snow, debris, trash, rubbish and litter therefrom and, to the extent approved by the Mt Laurel Design and Review Board, any and all landscaping situated on or adjacent to the sidewalks in any of the Commercial Districts. Any parking lots situated within any Commercial Districts shall be maintained by the Owners of all Parcels within such Commercial Districts or any owners' association established for such Commercial Districts; provided, however, that on-street parking within any of the Common Roads shall be deemed part of the Commons which will be maintained by the Association.

(d) Maintenance Occasioned by Acts or Omissions of Owners. In the event that the Board determines that any maintenance, cleaning, repair or replacement for which the Association is responsible hereunder is caused by either the negligence or willful acts of an Owner or Occupant and the costs of such maintenance, cleaning, repair or replacement are not paid in full from insurance proceeds, if any, received by the Association with respect thereto, then, the Association, in addition to the exercise of any other rights and remedies set forth in this

Declaration, may give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner, which notice shall set forth in reasonable detail what action is deemed necessary to be taken by such Owner. Except in the event of emergency situations, such Owner shall have 5 days within which to complete the same in a good and workmanlike manner or, if the same is not capable of completion within such 5-day period, to commence such maintenance, cleaning, repair or replacement and to proceed diligently with the completion of the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to promptly comply with the provisions hereof after said notice, the Association may provide (but shall not be obligated to provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner, in which event said costs shall be a personal obligation of such Owner, shall constitute an Individual Parcel Assessment to such Owner and shall be subject to the lien and foreclosure rights set forth in Article VIII below. If, and to the extent that, the Association undertakes any action against an Owner pursuant to this Section 3.02(d), then all costs and expenses incurred by or on behalf of the Association, including, without limitation, reasonable administrative costs and expenses, attorneys' fees and court costs, if any, and any other costs and expenses incurred by the Association in curing any default by such Owner shall be due and payable on demand by such Owner and such costs and expenses shall also be deemed to constitute Individual Parcel Assessments payable by such Owner and shall be recoverable by the Association in accordance with the terms and provisions of the Declaration.

3.03 Owners' Easements of Access and Enjoyment.

(a) Commons. The Founder hereby grants to every Owner a non-exclusive right and easement of appropriate use and enjoyment of the Commons, subject to (i) the Association's right of regulation in accordance with this Declaration, including, without limitation, the right of the Association to suspend an Owner's voting rights and suspend or terminate an Owner's rights and privileges to use certain areas which constitute Commons, as provided in Section 9.05(b) below, (ii) the Founder's right to use the Commons as provided in Sections 3.04(c) and 3.04(d) below, (iii) any limitations contained in the conveyance of those Commons to the Association, (iv) the rights reserved by the Founder and the Association pursuant to Sections 3.04(c) and 11.03 hereof and (v) the rights reserved by the Founder pursuant to Section 2.08 above. These easements shall be appurtenant to and shall pass with title to every Parcel.

(b) Tenants and Guests. Any Owner may delegate, subject to the provisions of this Declaration, the Bylaws and the Rules and Regulations, such Owner's right to enjoyment of the Commons to the members of his family, his tenants or his guests who either reside on the Parcel or are accompanied by such Owner while using any of the Commons. Subject to the rights granted by the Founder to third parties to use the Commons pursuant to Sections 3.04(c) and 11.03 hereof, the Board may adopt additional rules and regulations from time to time which limit, restrict or prohibit the use of any recreational facilities constituting part of the Commons by any person who is not an Owner or which impose fees or charges on the use of any of the Commons by any persons who are not Owners.

3.04 Use of Commons.

(a) Owners' Benefit. The Association shall maintain the Commons for the benefit of all Owners and the Founder.

(b) Non-Owners. The Association may permit limited use and access for all or a portion of the Commons, through the sale of club memberships or other fees to non-owners including guests of any Owners. Any such revenue shall benefit the Association. Furthermore, the Association may adopt and charge from time to time use fees for the use of any recreational areas which constitute Commons by the guests of any Owners.

(c) Reservation of Easement by Founder. The Founder does hereby establish and reserve, for itself and the Association and their respective agents, employees, representatives, invitees, successors and assigns, a

permanent and perpetual non-exclusive easement appurtenant over, across, under, through and upon all of the Commons for the purpose of (i) providing access to and from any Parcels or any other real property (whether situated within or outside of Mt Laurel) owned by the Founder, (ii) installing, maintaining, repairing and replacing any Improvements to any portion of Mt Laurel or to any of the Commons, including, without limitation, sidewalks, walkways, traffic, informational and directional signs, (iii) using and enjoying any and all of the Commons for such purposes as the Founder may deem appropriate and (iv) doing all other things reasonably necessary and proper in connection therewith; provided, however, that in no event shall the Founder have any obligation to undertake any of the foregoing. The Founder further reserves the right, but shall not have any obligation, to (1) grant to other third parties, including, without limitation, school boards, school districts and any students and teachers thereof, the non-exclusive right and easement, in common with the Founder, the Association and all Owners, to use any of the Commons and (2) convey by quitclaim deed to the Association at any time and from time to time any real property and any Improvements thereto to be utilized as part of the Commons, as the Founder, in its sole and absolute discretion, may determine.

(d) Open-Air Market and Festivals. The Founder reserves, for itself, its agents, employees, representatives, invitees, successors and assigns, the permanent and perpetual right to use any portions of the Commons as an open-air market for the rental of space for pushcarts, kiosks, stands or similar temporary sales structures. Such uses may be for special events or on a recurring or daily basis. Founder also reserves, for itself, its agents, employees, representatives, invitees, successors and assigns, the right to use portions of the Commons for festivals or other events intended to enrich and enliven the community. Founder further reserves a right of access through the Commons for all such purposes. Founder may, but is not obligated to, assign such rights to the Association at any time.

(e) Conservation Areas. A significant portion of the Commons is to be preserved as a conservation area. The Founder reserves the right, in its sole and absolute discretion, at any time and from time to time to grant a conservation easement or otherwise convey by deed to any third party, including, without limitation, a tax-exempt entity qualified under Section 5.01(c)(3) of the Internal Revenue Code of 1954, as revised, any portion of or rights in any of the Commons, without any requirement that the consent or approval of any Owner, Mortgagee or the Association be obtained.

(f) No Commercial Use. Except as specifically permitted by this Declaration, there shall be no commercial use of the Commons.

3.05 Common Roads Regulation. All vehicular traffic operated or parked on any of the Common Roads shall be subject to the applicable provisions of the laws of the State of Alabama and any other Governmental Authorities having jurisdiction thereof. To the extent any of the Common Roads constitute private roadways, the Association is authorized to promulgate, administer and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including adopting reasonable safety measures and speed limits for any of the Common Roads which constitute private roads and, subject to the provisions of Section 9.05 below, the right to enforce such rules and regulations by establishing such enforcement procedures as it deems appropriate, including hiring security or traffic patrols which shall have the right to levy fines for the violation of any traffic rules and regulations and tow offenders. Only drivers licensed to operate motor vehicles by the State of Alabama or by any other state in the United States may operate any type of motor vehicle, including golf carts, within Mt Laurel. All vehicles of any kind and nature which are operated on the Common Roads shall be operated in a careful, prudent, safe and quiet manner, with due consideration for the rights of all Owners and their respective Occupants. The Association shall also have the right, in its sole discretion, to limit, restrict and prohibit golf carts, go carts, all terrain vehicles and other similar types of motorized vehicles from being operated on or within any of the Common Roads.

3.06 Surface Water or Stormwater Management System. The Association shall have the right to maintain and cause all Owners to maintain proper drainage within Mt Laurel in accordance with the stormwater drainage plan

approved by the applicable Governmental Authorities having jurisdiction over Mt Laurel, as the same may be amended from time to time. In the exercise of this right, the Association shall have a blanket easement and right on, over, across, under and through all portions of Mt Laurel to maintain and to correct drainage of surface water; provided, however, that as provided below in this Section 3.06, each Owner shall be solely responsible for providing and maintaining adequate soil erosion measures and drainage facilities on such Owner's Parcel. This easement includes the right to cut any trees, bushes or shrubbery, grade soil, or to take any other action reasonably necessary for health or safety or to comply with Governmental Regulations; provided, however, that the Association shall not be obligated to undertake any of the foregoing actions. Notwithstanding the foregoing, each Owner shall provide and maintain on his or her Parcel adequate soil erosion measures and drainage facilities to accommodate any stormwater runoff from and coming onto such Owner's Parcel or resulting from any Improvements being or having been constructed on such Owner's Parcel. Each Owner shall also insure that his or her Parcel and any Improvements thereto are at all times in strict compliance with (a) all soil erosion protection requirements of all applicable Governmental Authorities, (b) all stormwater drainage and runoff requirements and regulations of all applicable Governmental Authorities and (c) all other Governmental Regulations. **Each Owner, by acceptance of a deed to his or her Parcel, shall and does hereby indemnify, defend and agree to hold the Founder, the Mt Laurel Design Review Board, the Association, and their respective agents, employees, officers, directors, shareholders, members, managers and representatives, harmless from and against any and all fines, penalties, costs and expenses, including court costs and reasonable attorneys' fees, and any and all other amounts suffered, paid or incurred by any of them in connection with any action, suit or proceeding (including the settlement of any suit or proceeding) to which any such person may be made a party by reason of the breach by such Owner (or any breach by such Owner's Occupants, contractors, subcontractors, guests, agents, employees or invitees) of any of the terms and provisions of this Section 3.06.**

3.07 Utilities.

(a) Water Lines. It is intended that all water supply lines (other than those service lines located solely within the boundaries of a Lot) shall be owned and maintained by Shelby County, Alabama. Most water supply lines will be placed under the paved surface of the Common Roads or within the alleyways which constitute part of the Commons. To the extent Shelby County, Alabama fails to repair or replace any paved surfaces of the Common Roads or any of the alleyways which constitute part of the Commons in connection with the maintenance and repair of any water supply lines lying thereunder, the Association shall repair or replace the same.

(b) Waste Treatment. Waste water (sanitary sewer) treatment services for Mt Laurel will be provided by a privately owned waste water treatment provider who shall assess and collect from each Owner a fee for such services. Such waste water (sanitary sewer) service provider has previously been granted rights of access throughout Mt Laurel for the purpose of installing, repairing and replacing sanitary sewer lines, pipes, conduit and other apparatus in connection with providing such services to Mt Laurel. Such easements are included within the utility easements reserved by the Founder pursuant to Section 2.04(b) hereof.

(c) Cable Television. The Founder, for itself and its successors and assigns, reserves the right to install, maintain and repair within any portion of Mt Laurel lines, pipes, wiring, conduit and other apparatus and equipment for cable television and Internet service (including fiber optic service or such other technologies which may become available in the future) and other communication purposes. The Founder or its assigns may collect a reasonable fee for such service.

(d) Owner Responsibility for Utility Services. Each Owner shall, at such Owner's sole cost and expense, be responsible for (i) constructing, installing, maintaining, repairing and replacing all necessary lines, pipes, wiring, conduit and equipment necessary to connect any Improvements located on such Owner's Parcel to all utility lines, pipes, wiring, conduit or other apparatus situated adjacent to or within the boundaries of such Owner's Parcel or which may be situated within the right-of-way of any Common Roads situated adjacent to such

Owner's Parcel, which obligation shall include the installation, maintenance, repair and replacement of any grinder pumps and related equipment to the extent the same are necessary in order to provide or obtain sanitary sewer service and (ii) paying all reservation, tap, impact, service, demand, use, license, permit and other fees, charges, costs and expenses charged by the applicable utility companies or utility providers to provide any such utility services to such Owner's Parcel.

(e) Trash and Garbage Service. Each Owner shall be solely responsible for contracting and paying for the removal of all trash, garbage, rubbish, refuse, waste and debris (including, without limitation, tree and shrubbery clippings, grass clippings and the removal of any dead or diseased trees and flora) from such Owner's Parcel.

(f) Fire and Emergency Medical Services. Each Lot shall be deemed to be within the boundaries of the Cahaba Valley Fire and Emergency Medical Rescue District ("CVFD") and each such Lot and the Owner thereof shall be subject to all statutes, ordinances, rules, regulations and requirements of CVFD (including, without limitation, the payment of all usual and customary service charges charged from time to time by CVFD), as the same may be amended from time to time, which are applied (or charged) on a uniform, non-discriminatory basis to all other customers and real property situated within the boundaries of the CVFD; provided, however, that the Founder shall not be obligated to pay any service charges for any Lots owned by the Founder. At such time as any Lot is transferred and conveyed by the Founder to any third party, then the Owner of such Lot shall thereafter (i) be subject to and pay all usual and customary charges levied on a uniform, non-discriminatory basis upon all other customers and real property situated within the boundaries of the CVFD, (ii) assume all duties and obligations to CVFD as all other customers and real property situated within the boundaries of the CVFD and (iii) be entitled to all rights, benefits and privileges provided by CVFD to all other customers and real property situated within the boundaries of the CVFD. The terms and provisions of this Section 3.07(f) shall also be applicable to all Lots situated within any Additional Property added to this Declaration.

3.08 Limitation of Liability. The Association shall use reasonable judgment in maintaining the Commons and enforcing traffic control measures, but neither the Association nor the Founder makes any representation or assumes any liability for any loss or injury. Neither the Association nor the Founder shall be liable for any injuries or damage to person or property (a) caused by the elements, acts of God or any Owner or other person, (b) resulting from any surface or subsurface conditions or which may be caused by rain or any other surface water which may leak or flow from any portion of the Commons or another Lot or Parcel onto a Lot or any Improvements thereon or (c) resulting from theft, burglary or other illegal entry onto any Lot or any Improvements thereon or any of the Commons. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken by or performed by the Association hereunder or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association or from any action taken by the Association to comply with any Governmental Regulations of any applicable Governmental Authority.

ARTICLE IV: Community Planning and Administration of the Design Code

Mt Laurel may be built by many different owners, architects and builders, each of whom will contribute to the shaping of the final community. Only those builders who are members in good standing of the Mt Laurel Guild shall be authorized and allowed to construct Buildings within Mt Laurel.

The Mt Laurel Design Code communicates the elements which are essential for creating the community. Within these essential elements, there is room for the creative and individual design which vitalizes the community.

4.01 Master Deed Restrictions. The Master Deed Restrictions establish the Mt Laurel Design Code as the guide for all construction within Mt Laurel, provide for a Town Architect to administer the Mt Laurel Design Code, and create the Mt Laurel Design Review Board. All construction or modifications thereto, any tree removal or any material alteration of the landscaping or topography of any Parcel or Commons must be approved in advance by the Mt Laurel Design Review Board.

4.02 Binding Effect. The Master Deed Restrictions are binding upon all of the real property shown on the Initial Plat but shall not be binding on any other real property owned by the Founder regardless of whether the same is situated adjacent to or in close proximity with the real property shown on the Initial Plat. Unless a notice is recorded specifically to the contrary, the submission of Additional Property to the Declaration shall automatically extend the provisions of the Master Deed Restrictions to the Additional Property.

4.03 Mt Laurel Design Code. The Mt Laurel Design Code shall be applicable to the construction of any and all Improvements on any Parcel. Each Owner, by acceptance of a deed to a Lot or Parcel, shall be deemed to have agreed to comply with all of the terms and provisions set forth in the Master Deed Restrictions and to otherwise comply with all of the terms and provisions of the Mt Laurel Design Code. The Mt Laurel Design Code is subject to amendment from time to time in the manner provided in the Master Deed Restrictions.

4.04 Mt Laurel Guild. Only those builders who are members in good standing of the Mt Laurel Guild are authorized or allowed to build, renovate, improve or refurbish Buildings within Mt Laurel. The Mt Laurel Design Review Board shall have the right, in its sole and absolute discretion, to approve or disapprove a builder for membership in the Mt Laurel Guild and has the right to establish rules and regulations concerning the construction of Buildings within Mt Laurel which will at all times be complied with by all members of the Mt Laurel Guild. To the extent any builder fails to comply with and abide by all of the terms and provisions of this Declaration, the Master Deed Restrictions, the Mt Laurel Design Code or any rules and regulations promulgated with respect thereto by the Mt Laurel Design Board, then the Mt Laurel Design Review Board shall have the right, at its option, in addition to the other rights and remedies set forth herein and in the Master Deed Restrictions, to suspend or expel any builder from the Mt Laurel Guild.

4.05 Construction Activities of the Founder. All Owners and Occupants within Mt Laurel do hereby acknowledge and agree that the Founder and its employees, agents, contractors, subcontractors, licensees and other designees will, from time to time, be conducting construction and other development activities within Mt Laurel and the real property situated adjacent to or in close proximity with Mt Laurel. By acceptance of a deed to any Parcel, each Owner, for such Owner and such Owner's heirs, executors, personal representatives, administrators, successors, assigns and Occupants, does further acknowledge and agree (a) that no construction or development activities undertaken by the Founder with respect to Mt Laurel or any real property situated adjacent to or in close proximity with Mt Laurel shall be deemed a nuisance or noxious or offensive activity under the terms and provisions of this Declaration or applicable law, (b) not to enter upon or allow their family members or Occupants to enter upon (regardless of whether such entry is a trespass or otherwise) any real property within or in proximity to Mt Laurel where such construction or development activities are being conducted by the Founder (even if such development or construction activities are not being conducted at the time of their entry, such as at night or during non-working hours) and (c) that neither the Founder nor its employees, agents, contractors, subcontractors, licensees, designees, affiliates, subsidiaries, successors or assigns shall be liable for any losses, damages (compensatory, consequential, punitive or otherwise), injuries or deaths arising from or relating to any such entry by such Owner or such Owner's family members or Occupants upon any portion of Mt Laurel or any real property situated adjacent to or in close proximity with Mt Laurel upon which the Founder or any of its employees, agents, contractors, subcontractors, licensees and other designees are conducting any construction or other development activities.

ARTICLE V: Owners' Association

The Association is responsible for maintaining Mt Laurel and enforcing the Declaration. While the Founder will control the Association until the occurrence of the Turnover Date, the Owners will thereafter be responsible for the continuation of the community through their participation in the Association.

5.01 Duties and Powers. The Association shall perform all duties required by this Declaration, the Articles and the Bylaws and shall enforce the terms of this Declaration, the Master Deed Restrictions and the Rules and Regulations. The Association may exercise any other right or privilege granted to it expressly by this Declaration, the Master Deed Restrictions, the Rules and Regulations or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it hereunder or reasonably necessary to effectuate any such right or privilege. The powers and authority granted herein and in the Articles, the Bylaws, the Master Deed Restrictions and the Rules and Regulations to the Association shall be exercised by the Board, acting through the officers of the Association, without further consent or action on the part of any Owners.

5.02 Delegation of Authority and Contracts. The Association may contract with any party, including the Founder, for the performance of all or any portion of the management of the Association and its maintenance and repair obligations. The costs incurred by the Association in connection with any such contracts shall be deemed Common Expenses. The Association, acting through the Board, shall have the right and authority to delegate to such persons of its choice, including third party management companies which may be affiliates or subsidiaries of the Founder, such duties of the Association as may be determined by the Board. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of any portion of the Commons, whether such personnel are furnished or employed directly by the Association or by an independent contract with the Association. All costs and expenses incident to the employment of a manager of the Association or any of the Commons shall be a Common Expense. During the term of any such management agreement entered into by the Association with a third party, such manager may, if authorized by the Board, exercise all of the powers and shall be responsible for the performance of any of the duties of the Association set forth in this Declaration, excluding therefrom any such powers or duties specifically reserved to the Board or the officers of the Association by this Declaration, the Articles of Incorporation or the Bylaws. Such manager may be an individual, corporation or other legal entity and may be either the Founder or affiliates or subsidiaries of the Founder; provided, however, that at all times prior to the occurrence of the Turnover Date, any contracts or agreements between the Association and the Founder shall be at such compensation and on such terms as would be usual, customary and obtainable in an arms-length transaction with any other third party providing comparable services for any real estate development in the southeastern United States of the size, quality and nature of Mt Laurel. In addition to the foregoing, the Association may pay for and the Board may hire and contract for such legal and accounting services as are necessary or desirable. The Association may require that Owners contract for certain routine yard maintenance in order to provide a uniform level of care. The Association may also contract to provide special services to some Lots or Parcels which are not provided to all Lots and Parcels and the costs of which shall be Individual Parcel Assessments to such Lot or Parcel which receives such special services.

5.03 Membership. Every Owner shall be a mandatory member of the Association. Membership shall be appurtenant to and may not be separated from title to any Parcel. The transfer or conveyance of fee title to any Parcel (other than by a Mortgage as security for the payment of an obligation) shall automatically include the transfer of all membership rights of the Owner of such Parcel in the Association with respect to the Parcel transferred and conveyed, notwithstanding any failure of the transferor to endorse to his transferee any certificates, assignments or other evidence of such membership in the Association.

5.04 Voting Rights. Each Owner shall have a proportional vote in matters submitted to the Owners for a vote pursuant to this Declaration or the Bylaws based on the allocation of interests and voting rights set forth in Section 6.02 below, subject to the Founder's rights under Sections 5.06(b) and 6.03 below.

5.05 Exercise of Vote. When more than one person holds an interest in any Parcel, all such persons shall be members of the Association; however, the number of votes for that Parcel shall not be increased, and the Owners of such Parcel must determine among themselves how the Parcel's vote may be exercised. Corporations, partnerships and other entities shall notify the Association of the natural person who shall exercise its vote. To the greatest extent permitted by law, the Association may institute voting by electronic or other means.

5.06 Election of Board of Directors.

(a) Procedure. Elections shall be conducted in accordance with the Bylaws.

(b) Initial Selection by Founder Until Turnover Date. The Founder hereby retains and shall have the sole and exclusive right to appoint and remove, with or without cause, all members of the Board and all officers of the Association until the occurrence of the Turnover Date. From and after the Turnover Date, the members of the Board shall be elected by the members of the Association in accordance with the terms and provisions of the Bylaws. Each Owner, by acceptance of a deed to a Parcel, vests in the Founder the authority to appoint and remove all members of the Board and all officers of the Association until the occurrence of the Turnover Date.

(c) Actions by Association. Any and all actions required or permitted to be taken by the Association pursuant to the terms and provisions of this Declaration, the Articles, the Bylaws, the Master Deed Restrictions, the Rules and Regulations and any other documents and agreements pursuant to which the Association is vested with any rights or powers, shall, unless otherwise expressly provided herein to the contrary, be taken by the majority vote of the members of the Board without any requirement that the Owners or members of the Association consent to or approve of such action.

ARTICLE VI: Allocation of Interests

The Declaration provides a formula for allocating interests among the Lots for the purposes of determining the General Assessments and Special Assessments payable by each such Lot and in order to determine the voting rights attributable to each Parcel within Mt Laurel.

6.01 Generally. General Assessments and Special Assessments made by the Association shall be allocated among the Lots and Parcels in accordance with the relative values described in Section 6.02 below. Voting rights in the Association attributable to each of the Lots and Parcels shall, subject to the provisions of Section 6.03 below, also be equal to the relative values set forth in Section 6.02 below. Individual Parcel Assessments may be levied against any Lot or Parcel in accordance with the terms and provisions of Section 8.05 below.

6.02 Assignment of Values.

(a) Allocated Values. Subject to the remaining provisions of this Section 6.02, the following allocated values (and voting rights) are assigned and allocated among the Lots and Residential Units within the various Districts of Mt Laurel:

<u>District</u>	<u>Allocated Value (and voting right)</u>
Single-Family District	1.0 Per Lot

Townhouse District	1.0 Per Lot
Multi-Family District	0.25 Per Residential Unit
Live/Work Unit	0.50 Per Residential Unit
Commercial District (other than Live/Work Units)	None
Special Use Parcels	None

(b) Additional Provisions Concerning Single-Family and Townhouse Districts. The voting rights attributable to each Lot within a Single-Family District and a Townhouse District and the obligation of each Lot within a Single-Family District and a Townhouse District to pay Assessments shall not be conditioned upon a Residential Unit being situated on such Lot. To the extent any Lot within any of the Single-Family Districts contains more than one (1) Residential Unit, the allocated value and voting rights set forth herein shall continue to be one (1) regardless of the number of Residential Units situated on such Lot. Voting rights attributable to a Lot within a Single-Family District or within a Townhouse District may not be transferred or assigned to any of the tenants or residents of any of the Residential Units situated thereon but may only be exercised by the then current Owner of fee simple title to said Lot.

(c) Additional Provisions Concerning Multi-Family Districts. Notwithstanding anything provided in this Declaration or the Bylaws to the contrary, any and all voting rights attributable to any Residential Units within any Multi-Family Districts shall be exercised only by the fee simple owner of the applicable Residential Units and may not be transferred or assigned to any of the tenants or residents of any such Residential Units. Residential Units within any Multi-Family Districts shall not be entitled to voting rights in the Association or subject to General Assessments and Special Assessments until such time as completed Residential Units are situated on the real property within such Multi-Family District (which completion shall be evidenced by either the issuance of a final certificate of occupancy for such Residential Unit or the occupancy of the same); provided, however, that any unimproved Parcels within any Multi-Family Districts shall at all times be subject to Individual Parcel Assessments.

(d) Live/Work Units. A Live/Work Unit shall not be subject to General Assessments or Special Assessments and shall not be entitled to any voting rights in the Association until such time that a Residential Unit has been completed thereon (which completion shall be evidenced by either the issuance of a final certificate of occupancy for such Live/Work Unit or the occupancy of the same); provided, however, that any unimproved Parcels within any Commercial Districts shall at all times be subject to Individual Parcel Assessments. The voting rights attributable to any Live/Work Unit may be assigned or transferred to any tenants or residents of such Live/Work Unit subject to the satisfaction of the requirements for transfer or assignment of voting rights set forth in the Bylaws.

(e) Commercial Districts. Except for any Live/Work Units which are situated within any of the Commercial Districts, no portion of any of the Commercial Districts within Mt Laurel shall be subject to any General Assessments or Special Assessments; however, any unimproved Parcels within any Commercial Districts (including Live/Work Units which are not completed) shall at all times be subject to Individual Parcel Assessments. Furthermore, except as provided in Sections 6.02(g) and 8.01 hereof, none of the Owners of any Lots or Parcels within any of the Commercial Districts (other than Owners of Live/Work Units) shall be entitled to any voting rights with respect to any matters submitted to the Owners for approval pursuant to the terms and provisions of this Declaration.

(f) Determination of Total Values and Voting Rights. The total of all allocated values and all voting rights for Mt Laurel shall be determined by adding all of the allocated values for all Districts as of (i) the date

notice of any annual or special meeting of the members of the Association is given to the Owners or (ii) as of the date on which (1) notice of the amount of General Assessments is given by the Board to all Owners or (2) a Special Assessment has been approved by the Owners pursuant to Section 8.04 below. The voting rights of any Owner are subject to the terms and provisions of the Bylaws which may limit, restrict or suspend voting rights of certain Owners who are in violation of the terms and provisions of this Declaration. Any and all references in this Declaration to the vote of a specified percentage (in interest) shall mean and refer to the combined voting interest (based on the allocation set forth in Section 6.02(a) above) of the Owners (or only those Owners who own Lots or Residential Units within a specified District) who are voting on a matter at a meeting of the Owners or a ballot vote of the Owners in either case held in accordance with the requirements of the Bylaws.

(g) Amendments to Section. Pursuant to the terms and provisions of Sections 1.04 and 1.05 of the Master Deed Restrictions, the Founder and the Town Architect have the right, from time to time and at any time, to adopt new District classifications for Mt Laurel. To the extent either the Founder or the Town Architect exercise their respective rights under Sections 1.04 and 1.05 of the Master Deed Restrictions to establish new District classifications for Mt Laurel, then the Founder or the Board shall each have the right, in their sole and absolute discretion, without the consent or approval of any Owners, to amend this Section 6.02 (including, specifically, Section 6.02(a) above) with respect to the allocation of values and voting rights with respect to such new District classifications. Except as otherwise authorized in the preceding sentence of this Section 6.02(g), the allocation of values and voting rights set forth in Section 6.02(a) above and the provisions of Sections 6.02(b) through 6.02(g) hereof may not be modified or amended unless approved as follows:

(i) The Owners of at least ninety percent (90%) of the total number of Lots within the applicable District whose allocated values and voting rights are to be amended must approve in writing such amendment; provided, however, that with respect to any Special Use Parcels only, no Special Use Parcel may be subjected to or obligated to pay any General Assessments or Special Assessments unless the Owner of such Special Use Parcel specifically agrees in writing to pay General Assessments or Special Assessments;

(ii) At least fifty-one percent (51%) in interest of all Owners (including those Owners voting pursuant to item (i) of this Section 6.02(g)) who are voting, either in person or proxy, at a duly constituted meeting of the members of the Association or in a ballot vote held in lieu thereof specifically approve such amendment and modification; and

(iii) To the extent such modification or amendment will be effective at any time prior to the occurrence of the Turnover Date, then the same must also be approved in writing by the Founder.

For the purposes of this Section 6.02(g)(i) only, (1) the Owner of each Lot within a Multi-Family District shall be entitled to one vote for each Residential Unit owned within a Multi-Family District and (2) the Owner of each Lot within a Commercial District (including the Owner of any Live/Work Unit) shall be entitled to one vote for each Lot (or Live/Work Unit) owned within a Commercial District.

(h) Special Use and Exempt Parcels. None of the Special Use Parcels and no Lots or Parcels within any of the Commercial Districts (other than the Live/Work Units) are subject to any General Assessments or Special Assessments but are subject to Individual Parcel Assessments. Except as specifically provided in Sections 6.02(g) and 8.01 hereof, none of the Special Use Parcels and no Lots or Parcels within any of the Commercial Districts (other than Live/Work Units) are allocated voting rights. Parcels which are used by non-profit entities primarily for the benefit of residents of Mt Laurel shall have a zero allocation of voting rights, as determined by the Founder, in its sole discretion. The Founder may designate any Parcel as a Special Use Parcel at any time up to and including the time of conveyance of the Parcel to someone other than the Founder. In addition, the Founder may, in its sole discretion, grant exemptions with respect to the payment of any Assessments for any Special Use

Parcel. Once granted, such exempt status shall continue so long as the use of the Parcel remains substantially the same. Both the Mt Laurel Design Review Board and the Association have the authority to designate any Parcel as a Special Use Parcel and grant exempt status for qualified entities upon terms and conditions established by the either the Mt Laurel Design Review Board or the Association.

6.03 Control By Founder. Notwithstanding anything provided to the contrary in this Declaration, the Articles, the Bylaws, the Master Deed Restrictions, the Mt Laurel Design Code, the Rules and Regulations or any other documents relating to Mt Laurel, the Founder shall, subject to the remaining terms and provisions of this Section 6.03, have the sole and exclusive right to exercise all voting rights in the Association until the occurrence of the Turnover Date; provided, however, that (a) any Special Assessments must be approved by the Owners pursuant to Section 8.04 below, (b) the Owners shall have the voting rights set forth in Section 6.02(g) above and (c) certain amendments to this Declaration are subject to the terms and provisions of Section 11.02 below.

ARTICLE VII:

Association Budget

The Board has the right to determine annually the budget for the Association which budget shall include amounts for maintaining the Commons and managing the Association.

7.01 Fiscal Year. The fiscal year of the Association shall begin January 1 of each year and end on December 31 of that year, unless the Board selects a different fiscal year.

7.02 Common Expense. Each annual budget of the Association shall estimate total expenses to be incurred by the Association in carrying out its responsibilities. These expenses shall include, without limitation, the following (collectively, the "Common Expenses"):

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

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

(iii) Utility charges for any utilities serving any of the Commons and charges for other common services for Mt Laurel, including, without limitation, trash collection and security services, if applicable;

(iv) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by this Declaration, including, without limitation, fire, flood and other hazardous coverage, public liability coverage and such other insurance coverage as the Board determines to be in the best interest of the Association, including errors and omissions insurance, fidelity bonds, directors' and officers' liability insurance and any other liability insurance coverage for the benefit of the Association, the members of the Board, any officers, employees, agents or representatives of the Association (including members of the Mt Laurel Design Review Board);

(v) The expenses of maintaining, operating, repairing and replacing all portions of the Commons and any other amenities and facilities serving Mt Laurel (whether located within or outside of Mt Laurel) which the Board, in its sole discretion, determines from time to time would be in the best interest of the Association to so maintain, operate, repair or replace;

(vi) Ad valorem real and personal property taxes assessed and levied upon any of the Commons;

(vii) The expenses of the Mt Laurel Design Review Board which are not paid in full by plan review charges;

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

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

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

7.03 Reserves. If any budget or the amount of General Assessments collected by the Association at any times proves to be inadequate or insufficient for any reason to fully pay all Common Expenses of the Association, then the Board may call a meeting of the members of the Association for the purpose of approving Special Assessments as provided in Section 8.04 below. If the actual amount of General Assessments collected in any one year exceeds the actual costs incurred for the Common Expenses for such year, the excess shall be retained by the Association as a reserve for subsequent years' Common Expenses or for any other purposes as may be determined by the Board, including, without limitation, the making of any capital improvements to the Commons.

7.04 Preparation and Approval of Annual Budget. Each year the Board shall, by majority vote, determine, adopt and approve a budget for the coming year and set the annual General Assessments at a level sufficient to meet the budget. Such budget, as approved by the Board, shall be binding on all Owners. The amount set forth in such budget shall constitute the aggregate amount of General Assessments for all of Mt Laurel for the then applicable year and each Owner shall pay his or her prorata share of the same as provided in Section 6.02 hereof. Upon written request, a copy of the then applicable annual budget for General Assessments shall be provided to any Owner.

7.05 Effect of Failure to Prepare or Adopt Budget. The Board's failure or delay in preparing or adopting the annual budget for any fiscal year shall not waive or release an Owner's obligation to pay General Assessments whenever the amount of such General Assessments is finally determined.

ARTICLE VIII: Covenants for Assessments

The cost of fulfilling the Association's financial obligations is divided equitably among the Owners by means of General Assessments. To assure the Association of a reliable source of funds and to protect those Owners who contribute their equitable share, General Assessments and Special Assessments are mandatory as to all Lots and Parcels unless exempted in accordance with the terms and provisions of this Declaration and are secured both by a lien on the Parcel and constitute the personal obligation of the Owner of a Parcel. Further, to the extent applicable, an Owner may be subject to Individual Parcel Assessments which are also secured by a lien on the Parcel and constitute the personal obligation of the Owner of a Parcel.

8.01 Assessments and Creation of Lien. Each Owner of a Lot or Parcel, by acceptance of a deed or other instrument conveying any interest therein, regardless of whether such deed or instrument contains a reference to this Declaration, is hereby deemed to covenant and agree to pay to the Association (a) General Assessments, as established and to be collected as provided in Section 8.03 below, (b) Special Assessments, to be established and collected as provided in Section 8.04 below, and (c) Individual Parcel Assessments which are established or assessed pursuant to Section 8.05 below; provided, however, that (i) except for Live/Work Units (which are subject to all Assessments), no portions of any of the Commercial Districts shall be subject to either General Assessments or Special Assessments, (ii) no Special Use Parcels shall be subject to either General Assessments or Special Assessments and (iii) no portion of the Commons are subject to any Assessments. All Assessments, together with late charges and interest at the Applicable Rate, as provided in Section 8.07(a) below, and all court costs and attorneys' fees incurred by the Association to enforce or collect such Assessments shall be an equitable charge and a continuing lien upon each Lot or Parcel for which the Owner thereof is responsible for the payment of the same, which lien may be enforced in the manner provided in Section 8.07(c) below. Each Owner shall be personally liable for the payment of all Assessments coming due while he or she is the Owner of a Lot or Parcel and his or her grantee shall take title to such Lot or Parcel subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his or her grantor any amounts paid by such grantee to the Association which were the legal obligations of the grantor. All Assessments, together with late charges and interest at the Applicable Rate, as specified in Section 8.07(a) below, court costs and attorneys' fees incurred with respect thereto by the Association shall also be a personal obligation of the person who was the Owner of the Lot or Parcel at the time such Assessments and other costs and charges were assessed or incurred. In the event of co-ownership of any Lot or Parcel, all of the co-owners shall be jointly and severally liable for the entire amount of such Assessments. All Assessments shall commence as to each Lot or Parcel as provided in Section 8.06 below and be paid in such manner and on such dates as may be fixed by the Board. All Assessments shall be payable in all events without offset, diminution or abatement by reason of fire or other casualty or any taking as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof with respect to any Lot or Parcel or any improvements thereto, Commons or any other portion of Mt Laurel or any other cause or reason of any nature. The General Assessments and Special Assessments shall be used for the general purposes of promoting the recreational, health, safety, welfare, common benefit and enjoyment of the Owners and Occupants of Mt Laurel and otherwise for the general upkeep and maintenance of Mt Laurel, including, specifically, the Commons, all as may be more specifically authorized from time to time by the Board. Notwithstanding anything provided herein to the contrary, each Owner and Occupant does hereby acknowledge and agree that certain portions of the General Assessments and the Special Assessments as well as certain Common Expenses to be incurred by the Association may not benefit all of the Owners and Occupants equally but that the levy of such General Assessments and Special Assessments and the incurrence of Common Expenses shall be deemed to be for the benefit of all of Mt Laurel. The provisions of this Section 8.01 which exempt Commercial Districts (other than Live/Work Units) and Special Use Parcels from General

Assessments and Special Assessments may not be modified or amended without the prior written consent of all of the Owners of all Lots and Parcels situated within the Commercial Districts of Mt Laurel and the Owners of all Special Use Parcels.

8.02 Uniform Rate of Assessments.

(a) Both General Assessments and Special Assessments, as described in Sections 8.03 and 8.04 below, shall be assessed against each Lot or Parcel in accordance with the allocations set forth in Section 6.02 above.

(b) Notwithstanding anything provided in Section 8.02(a) above to the contrary, in the event any Additional Property is added to Mt Laurel, then each Lot or Parcel within the Additional Property shall be subject to the same General Assessments and Special Assessments then being charged to the Owners of all other Lots, Parcels or Residential Units within the same type District, subject to proration for the actual number of days remaining in the calendar year in which such Additional Property was added to Mt Laurel.

(c) Each Owner of a Lot or Parcel, by acceptance of a deed to such Lot or Parcel, acknowledges and agrees that the General Assessments and Special Assessments payable by such Owner are subject to change, modification, increase or decrease, respectively, in the event that (i) any Lots or Parcels are combined, subdivided or resubdivided by the Founder or (ii) any portion of Mt Laurel becomes Commons or are exempted from Assessments as provided in Section 6.02(h) above.

8.03 General Assessments. Pursuant to the provisions of Section 7.04 above, the Board shall determine and approve annually an annual budget covering the estimated Common Expenses for Mt Laurel for the upcoming year, which budget shall include the amount payable by each Lot, Parcel or Residential Unit on a District by District basis in accordance with the terms and provisions of Section 6.02 above. The amount set forth in such budget shall constitute the aggregate amount of General Assessments for all of Mt Laurel for the then applicable year and each Owner shall pay his or her proportionate share of the same as provided in Section 6.02 above. As used in this Declaration, the term "General Assessments" with respect to each Lot, Parcel or Residential Unit shall mean the proportionate amount of the Common Expenses payable each calendar year by each Owner in accordance with the provisions of Section 6.02 above.

8.04 Special Assessments. In addition to the General Assessments authorized in Section 8.03 above, the Board may levy in any year Special Assessments for Common Expenses or any extraordinary costs incurred or to be incurred by the Association, including, without limitation, costs which have been, are or will be, incurred for capital improvements which are not paid for from General Assessments; provided, however, that any such Special Assessments must be approved by a majority of the votes cast at a duly convened meeting of the Association or in a ballot vote by the members of the Association held in accordance with the provisions of the Bylaws. As used herein, the term "Special Assessments" shall mean those assessments made to all Owners pursuant to this Section 8.04. The Board may make such Special Assessments payable in one lump sum or in installments over a period of time which may, in the Board's discretion, extend beyond the then fiscal year in which said Special Assessments are levied and assessed. Special Assessments shall be levied against and payable by each Owner in accordance with the provisions of Section 6.02 above.

8.05 Individual Parcel Assessments. The Association may, in its sole discretion, at any time and from time to time levy and assess as individual assessments (collectively, "Individual Parcel Assessments") against any Lot or Parcel: (a) fines against an Owner and such Owner's Lot or Parcel in accordance with the terms and provisions of Sections 9.05 hereof or adopted by the Mt Laurel Design Review Board or the Association pursuant to any of the terms and provisions of this Declaration or the Master Deed Restrictions, (b) any costs or expenses, including, without limitation, collection costs, attorneys' fees, court costs and any administrative costs and expenses incurred by or on behalf of the Mt Laurel Design Review Board or the Association as a result of the failure of any Owner,

Occupant or their respective family members, agents, guests, servants, employees, invitees and contractors, to at all times observe and perform their respective duties and obligations under this Declaration, the Master Deed Restrictions, the Mt Laurel Design Code or the Rules and Regulations, (c) any special services provided by the Association to a Parcel at the request of the Owner thereof and (d) any fees, charges and other costs incident to the use of any of the Commons for which a charge for the use thereof has been established by the Board. The Individual Parcel Assessments provided for in this Section 8.05 shall be levied by the Board and the amount and due date of such Individual Parcel Assessment shall be specified by the Board in a notice to such Owner.

8.06 Date of Commencement of Assessments.

(a) Assessments shall commence as to each Lot or Parcel on the day on which such Lot or Parcel is conveyed to a person other than the Founder and shall be due and payable in such manner and on such schedule as may be established from time to time by the Board, subject to proration for the remainder of the then calendar year in which such Lot or Parcel was conveyed to a person other than the Founder; provided, however, that no General Assessments or Special Assessments shall be payable by any Owner of a Lot or Parcel within Mt Laurel until after the expiration of the Deferral Period. All Lots and Parcels shall be subject to Individual Parcel Assessments at all times. Subject to the foregoing provisions of this Section 8.06(a), Assessments for Lots or Parcels within any portion of the Additional Property hereafter submitted to the terms of this Declaration shall commence with respect to each such Lot or Parcel on the day on which such Lot or Parcel is conveyed to a person other than the Founder, subject to proration and adjustment according to the number of days then remaining in the calendar year in which such Additional Property was added to the terms of this Declaration.

(b) Notwithstanding anything provided in this Declaration to the contrary, but subject to the remaining terms and provisions of this Section 8.06(b), the Founder shall not be obligated to pay any Assessments for any Lots or Parcels owned by the Founder. During the Deferral Period, however, the Founder shall be obligated to pay all Common Expenses but shall not be obligated to pay any amounts for reserves or fund any reserve accounts for the benefit of the Association other than reserving transfer fees collected pursuant to and in accordance with the terms and provisions of Section 8.10 below. Following the expiration of the Deferral Period, the Founder shall have the option, in its sole discretion, to either (i) pay General Assessments on Lots or Parcels owned by the Founder or (ii) fund any deficits which may exist between the total amount of General Assessments assessed to all other Owners and the actual costs incurred by the Association for Common Expenses in any particular year. At such time as the Founder no longer has any interest in any Lot or Parcel, the Founder shall have no further obligation of any nature to pay any Assessments or otherwise fund any deficits relating to the Common Expenses or the maintenance of the Commons.

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

(a) Each Owner of a Lot or Parcel is and shall be deemed to covenant and agree to pay to the Association all Assessments provided for herein. The Association shall provide written notice or a billing invoice to each Owner setting forth the amount of the Assessments due and payable by such Owner and the due date for payment of such Assessments (which due date shall, with respect to General Assessments and Special Assessments only, be at least 30 days from the date of such notice or billing invoice). In the event any Assessments or any portions thereof are not paid in full by the due date for such Assessments, then (i) the Owner of such Lot or Parcel shall be deemed in default hereunder and (ii) a late fee in the amount of \$25.00 (which amount shall be subject to increase from time to time and at any time, as determined by the Board, in its sole discretion) shall automatically be levied and assessed against such Owner and such Owner's Lot or Parcel. In addition, if any Assessments or any portion thereof (including late fees) are not paid in full within 30 days following the due date for the payment of such Assessments, then the unpaid portion of the Assessment (including the late fee) shall accrue simple interest at the lesser of eighteen percent (18%) per annum or the highest rate which may be charged to said Owner by law (the "Applicable Rate") from and after the 30th day following the due date of such Assessments until the same has been paid in full. In the event the Association employs an

attorney or otherwise takes any legal action in attempting to collect any amounts due from any Owner, such Owner agrees to pay all attorneys' fees, court costs and all other expenses paid or incurred by the Association. The lien and equitable charge upon each Lot or Parcel for Assessments shall also include all late fee charges, interest at the Applicable Rate and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in attempting to collect any unpaid Assessments.

(b) In the event any Assessments are not paid by any Owner within 30 days following the due date for the payment of such Assessments, then, in addition to all other rights and remedies provided at law or in equity, the Association, acting through its Board or through any of its officers or authorized representatives, may at any time thereafter undertake any or all of the following remedies:

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

(ii) The Association may enforce the lien created pursuant to Sections 8.01 and 8.07(c) hereof in the manner hereinafter provided.

(c) There is hereby created a continuing lien on each Lot and Parcel and all Improvements thereto, with power of sale, in favor of the Association, which secures the payment to the Association of any and all Assessments levied against or upon such Lot or Parcel, all late fees or charges, interest at the Applicable Rate and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting any Assessments. If any portion of any Assessments remains unpaid for more than 30 days following the due date for the payment of such Assessments, then, at any time thereafter, the Association, through the Board or any officer or authorized representative thereof, may, but shall not be obligated to, make written demand on such defaulting Owner, which demand shall state the date and amount of delinquency. Each default shall constitute a separate basis for a demand and claim of lien, but any number of defaults may be included in a single demand. If such delinquency is not paid in full within ten (10) days after the giving of such demand or, even without giving demand, the Association may file a claim of lien and perfect its lien against the Lot or Parcel of such delinquent Owner, which claim shall be executed by any member of the Board or any officer of the Association, contain the following information and be recorded in the Probate Office:

(i) The name of the delinquent Owner;

(ii) The legal description and street address, if any, of the Lot or Parcel upon which the lien claim is made;

(iii) The total amount claimed to be due including late charges, interest at the Applicable Rate, collection costs and attorneys' fees incurred to date and a statement, if applicable, that such charges and costs shall continue to accrue and be charged until full payment has been received; and

(iv) A statement that the claim of lien is made by the Association pursuant to this Declaration and is claimed against such Lot or Parcel in an amount equal to that stated therein.

The lien provided for herein shall be in favor of the Association and may be foreclosed in the same manner as a foreclosure of a mortgage on real property containing a power of sale under the laws of the State of Alabama, as the same may be modified or amended from time to time. The Association shall have the right and power to bid at any such foreclosure sale and to purchase, acquire, hold, lease, mortgage, convey and sell any such Lot or

Parcel. Each Owner, by acceptance of a deed to any Lot or Parcel, shall be deemed to (1) grant to and vest in the Association and its agents, the right and power to exercise the power of sale granted herein and foreclose the lien created herein, (2) grant to and vest in the Association and its agents the right and power to bring all actions against such Owner personally for the collection of all amounts due from such Owner, (3) expressly waive any objection to the enforcement and foreclosure of the lien created herein and (4) expressly waive the defense of the statute of limitations which may be applicable to the commencement of any such suit or action for foreclosure

(d) In addition to the other rights and remedies provided herein, in the event any Owner fails to pay any Assessments within 30 days from the statement billing date for such Assessments, then the Association shall have the right, subject to the provisions of Section 9.05(c) below, to suspend the privileges of such Owner, his or her Occupants, family members, guests and invitees from using any of the recreational facilities, if any, which constitute part of the Commons.

8.08 Subordination of Lien. Notwithstanding anything provided herein to the contrary, the lien for Assessments and other charges authorized herein with respect to any Lot or Parcel in Mt Laurel is and shall be subordinate to the lien of any Mortgage held by any Mortgagee, but only to the extent that the Mortgage held by any such Mortgagee is recorded in the Probate Office prior to the filing of a claim of lien by the Association pursuant to Section 8.07(c) above. When a Mortgagee exercises its foreclosure rights provided in its Mortgage and acquires title to or sells to a third party its interest in any Lot or Parcel, then such Mortgagee or its purchaser or transferee at such foreclosure sale shall (a) not be liable for the then unpaid portion of any Assessments or other charges incurred prior to the date of transfer or acquisition of title by foreclosure so long as the Mortgage held by such Mortgagee was recorded in the Probate Office prior to the filing of a claim of lien by the Association pursuant to Section 8.07(c) above, but (b) be liable for all Assessments and other charges levied, assessed or incurred with respect to such Lot or Parcel from and after the date of such foreclosure sale. The foregoing shall not relieve any Owner whose Lot or Parcel has been foreclosed from the personal obligation to pay all Assessments and other charges levied, assessed or incurred by the Association and the Association shall have the right to pursue all rights and remedies against a defaulting Owner notwithstanding the foreclosure of a Mortgage by Mortgagee on such Owner's Lot or Parcel.

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

8.10 Transfer Fees.

(a) Initial Sales. At the closing and transfer of title of each Parcel to the first Owner of such Parcel other than the Founder or any affiliates thereof, the initial purchaser of such Parcel shall contribute and pay to the Association an amount equal to the greater of \$200.00 or two months' General Assessments, or such greater amount as required by the Founder by contract. This contribution shall be made by the initial purchaser of a Parcel (and not the Founder or any affiliates thereof) and shall be utilized by the Association for working capital purposes, including the payment of Common Expenses, and shall not be considered as a prepayment of any Assessments.

(b) Resales. At the closing of each subsequent conveyance of any Parcel by an Owner (other than Founder or any affiliates thereof) to a third party purchaser (other than Founder or any affiliates thereof), each and every third party purchaser of a Parcel shall contribute and pay to the Association an amount equal to the greater of \$200.00 or two (2) months General Assessments for each Parcel sold, which contribution shall also be utilized by the Association for working capital purposes, including the payment of Common Expenses, and shall not be considered as a prepayment of any Assessments.

(c) Use of Transfer Fees. Notwithstanding anything provided in this Declaration to the contrary, any and all transfer fees paid to the Association pursuant to this Section 8.10 during the Deferral Period shall not be utilized by the Founder during the Deferral Period to pay Common Expenses or any other costs and expenses of the Association.

(d) Exemptions. Notwithstanding anything provided in this Declaration to the contrary, the transfer fees specified in Sections 8.10(a) and 8.10(b) above shall not be applicable to the Founder in the exercise of any of the repurchase rights and options granted to the Founder in the Master Deed Restrictions.

ARTICLE IX: Use of Parcels

The following covenants are designed to protect the quality of life for all Owners within Mt Laurel and to set a standard for reasonable cooperation within the community.

9.01 Permitted Uses. Permitted uses for Parcels, which may include residential use, civic use or retail, office, restaurant or other commercial use, shall be determined based on the Mt Laurel Design Code. The Founder may make a use determination for any Parcel at the time of the Parcel's addition to Mt Laurel, or at any time up to and including the time of conveyance of the Parcel to someone other than the Founder. If the Founder fails to make such a determination, then the Mt Laurel Design Code shall govern and describe permitted uses. A home-based business which does not have signage except on a rear lane and which does not generate significant noise, odor or traffic shall be permitted in any of the Combined Residential Districts. Furthermore, the permitted uses for any Parcel may be changed and amended from time to time by either by amendment to the Mt Laurel Design Code or by amendment to the Master Plan, as provided by the terms and provisions of the Master Deed Restrictions.

9.02 Prohibited Uses.

(a) Nuisances, Unlawful Use. No nuisance or immoral, improper, offensive or unlawful use shall be permitted to exist or operate on any Parcel. The Association may regulate excessive noise and odor and may define and determine other unacceptable uses. All Governmental Regulations of all Governmental Authorities having jurisdiction shall be complied with by and at the sole expense of the Owner of each Parcel.

(b) Insurance. Nothing shall be done or kept on any Parcel which will increase the rate of, or result in cancellation of, insurance for any other Parcel or its content, without the prior written consent of the Association.

(c) Soliciting. The Association may regulate or prohibit soliciting within Mt Laurel.

(d) Time Sharing. No time-share ownership of Parcels is permitted without the Association's approval. For this purpose, the term "time-share ownership" shall mean a method of ownership of an interest in a Parcel under which the exclusive right of use, possession or occupancy of the Parcel circulates among the various owners on a periodically reoccurring basis over a scheduled period of time. The leasing of a Building or the ownership of a Parcel by a corporation, partnership or other entity or by not more than four individuals or married couples will not normally be considered time-share ownership.

9.03 Attractiveness and Safety of Parcels.

(a) Maintenance of Parcels. The maintenance and repair of all Parcels and all Improvements situated thereon or therein, including, without limitation, all lawns, shrubbery, landscaping and the grounds on or within a Parcel, shall be the sole responsibility of the Owner of such Parcel. The Owner of each Parcel shall, in addition to the foregoing maintenance requirements, maintain, if required by the Association, any portion of the Commons

(or greenspace or right-of-way within the Common Roads) lying between the property line of such Owner's Lot and the curb of the adjacent Common Road.

(b) Other Restrictions Affecting Parcels. The Mt Laurel Design Code and the Rules and Regulations set forth other terms, provisions, covenants, conditions and requirements which shall be applicable to all, or only portions of, the Parcels within Mt Laurel. The Mt Laurel Design Code, the Rules and Regulations or the Association may regulate placement and maintenance of garbage and trash containers and fuel or gas storage tanks (including the prohibition of such tanks), and other matters affecting the attractiveness or safety of Parcels.

9.04 Rules and Regulations.

(a) Generally. The initial Rules and Regulations are attached to and included in the bound volume of documents provided to all initial Lot purchasers. The Rules and Regulations do not need to be recorded to be effective, but shall be available from the Board and will be provided to the Owners or posted as provided in Section 9.04(b) below. By this reference, the Rules and Regulations, as the same may be amended from time to time, are incorporated into and made a part of this Declaration. At all times prior to the occurrence of the Turnover Date, the Rules and Regulations are subject to modification and amendment from time to time and at any time solely by the action of the Board and without any prior notification of any of the Owners. The Board shall also have the right to adopt additional rules and regulations which shall be incorporated into and form a part of the Rules and Regulations, including, without limitation, the right to approve rental and sales agents, contractors and subcontractors who do business within Mt Laurel. Following the occurrence of the Turnover Date, any proposed modifications or amendments to the Rules and Regulations or any additional rules and regulations which the Board desires to adopt shall (i) first, either be submitted to all Owners in writing or otherwise posted in a conspicuous place within any of the Commons and (ii) be subject to review and discussion by the Owners at either a town meeting or any annual or special meeting of the Owners.

(b) Notice. A copy of the Rules and Regulations adopted from time to time shall be posted in a conspicuous place within Mt Laurel or furnished to each Owner.

9.05 Enforcement.

(a) Owner's Responsibility. Each Owner and such Owners' Occupants shall conform and abide by the covenants contained in this Declaration, the Master Deed Restrictions and all of the Rules and Regulations. Each Owner shall be responsible for assuring such compliance and any violation by an Owner's Occupants may be considered to be a violation by the Owner.

(b) Remedies of Association. In addition to the other rights and remedies provided elsewhere in this Declaration, the Master Deed Restrictions, the Rules and Regulations or the Mt Laurel Design Code, in the event of any violation of any of the provisions of this Declaration, the Master Deed Restrictions, the Rules and Regulations or the Mt Laurel Design Code by any Owner or Occupant, then the Board shall have the power and right, at its option, to (i) impose monetary fines which shall constitute Individual Parcel Assessments, (ii) suspend an Owner's right, if any, to vote in the Association and (iii) suspend or terminate the privilege of such Owner and such Owner's Occupants to use all or any of the recreational facilities, if any, which constitute part of the Commons. Any action to be taken by the Board pursuant to this Section 9.05(b) shall be subject to the satisfaction of the terms and provisions of Section 9.05(c) below.

(c) Notice, Hearing and Fines. In the event any Owner or Occupant is believed to be in violation of this Declaration, the Rules and Regulations or the Mt Laurel Design Code (other than any violation of Paragraph 13(f) of the Rules and Regulations which violation of such Paragraph 13(f) of the Rules and Regulations shall be governed exclusively by the terms and provisions of such Paragraph 13(f)), then the Board shall not impose a fine, suspend voting rights or suspend or terminate any other rights pursuant to Section 9.05(b) above unless written

demand to cease and desist from such alleged violation shall be served upon the Owner responsible for such violation setting forth the information required by the terms and provisions of this Section 9.05(c) and providing such Owner the opportunity to appear before and be heard by the Board. Any notices required by this Section 9.05(c) shall specify:

- (i) The alleged violation;
- (ii) The action required to abate such violation;
- (iii) A time period of not less than five (5) days during which the violation may be abated and corrected by such Owner without further sanctions if such violation is a continuing one or, if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the Rules and Regulations or the Mt Laurel Design Code may result in the imposition of sanctions; and
- (iv) The date, which shall be no earlier than five (5) days from the date of such written notice, and the time and place at which such Owner may appear before the Board to be heard.

Each day an infraction continues shall be deemed a separate infraction subject to fine. However, the primary goal of this provision is not to punish but to conciliate and resolve problems. The Association may suggest or approve agreements and withhold the requirement of paying a fine if the agreement is honored. Fines shall be charged against the Parcel as an Individual Parcel Assessment. Any fines collected shall be contributed to the general fund of the Association. The foregoing procedure shall only be applicable to the enforcement right specified in Section 9.05(b) above and shall not apply to the exercise of any other rights or remedies specified in any other section or provision of this Declaration, the Master Deed Restrictions, the Rules and Regulations or the Mt Laurel Design Code.

(d) Corrective Action for Parcel Maintenance. If the Association determines after notice that any Owner has failed to maintain any part of such Owner's Parcel (including any Building or the yard, shrubbery, landscaping and any wall, fence, garden structure or other Improvements thereto) in a clean, attractive and safe manner, in accordance with the provisions of this Declaration, the Master Deed Restrictions, the Rules and Regulations or the Mt Laurel Design Code, then the Association shall also have the right (but not the obligation) without liability to enter upon such Parcel to correct, repair, restore, paint and maintain any part of such Parcel and to have any objectionable items removed from the Parcel. All costs and expenses paid or incurred by the Association in connection therewith shall constitute an Individual Parcel Assessment against the Owner of such Parcel.

(e) Covenants Committee. The Board may appoint a Covenants Committee composed of Owners to hear violations of the Declaration, the Mt Laurel Design Code or the Rules and Regulations and to recommend to the Board possible fines or other enforcement action to be taken by the Association under this Section 9.05.

(f) Additional Remedies. All remedies listed in this Section 9.05 are non-exclusive and may be applied cumulatively. The Association shall also have the right to exercise all other rights and remedies specified elsewhere in this Declaration, the Master Deed Restrictions, the Mt Laurel Design Code, the Rules and Regulations or by applicable law in the event of any violation thereof by any Owner or Occupant.

ARTICLE X: Insurance

Insurance is essential to protect the interests of the various Owners and to assure that funds will be available for rebuilding after a casualty. However, because insurance costs may increase significantly or new types of coverage made available, this Article gives flexibility to the Board to select insurance coverage that is reasonable for the conditions that exist at that time.

10.01 Insurance Maintained by the Association. The Board shall have the authority to obtain and maintain at all times any and all insurance coverages, in such form, in such amount and with such insurance carriers, as the Board may from time to time deem appropriate for the benefit of the Association, including, without limitation, extended coverage, flood, vandalism, malicious mischief, commercial liability, workmen's compensation, employer's liability, directors' and officers' liability, fidelity bonds and any and all other types of insurance coverage as determined from time to time by the Board in its sole and absolute discretion. The Board shall review limits of insurance coverage and the type of insurance coverage on a periodic basis.

10.02 Owner Coverage. Each Owner shall be solely responsible for obtaining and maintaining public liability (or commercial liability), property damage, title and all other types of insurance with respect to his or her Parcel and any Improvements situated thereon. Each Owner, by acceptance of a deed to or other conveyance of any interest in any Parcel, does hereby waive and release the Association, the Board, the Founder and their respective agents, employees, representatives, partners, shareholders, members, managers, officers and directors from any and all liabilities or responsibilities or any other claims by or through such Owner, by way of subrogation or otherwise, for any loss or damage covered by (or which should be covered by) broad form fire and extended coverage insurance (or homeowner's insurance coverage) and public or commercial liability insurance coverage maintained or which should be maintained by any Owner as required herein, even if such loss or damage has been caused by the fault or negligence of the Association, the Board, the Founder or any of their respective agents, employees, representatives, partners, shareholders, members, managers, officers or directors.

10.03 Repair and Reconstruction after Fire or Other Casualty.

(a) Commons. If fire or other casualty damages or destroys any of the Improvements on the Commons, the Board shall arrange for and supervise the prompt repair and restoration of such Improvements. The Board shall obtain funds for such reconstruction first from the insurance proceeds, then from reserves for the repair and replacement of such Improvements, and then from any Special Assessments that may be necessary after exhausting insurance proceeds and reserves; provided, however, that the Board may, in its sole discretion, elect not to repair any such damaged Improvements to the Commons in which event all insurance proceeds, if any, recovered with respect thereto shall be retained by the Association.

(b) Parcel Improvements. If fire or other casualty damages or destroys a Building or any other Improvements on a Parcel, the Owner of that Parcel shall immediately proceed to rebuild and restore the Improvements to the condition existing immediately prior to such damage or destruction, unless other plans are approved by the Mt Laurel Design Review Board. If the Owner fails to clean and secure a Parcel within 30 days after a casualty, the Association may, in accordance with the provisions of Section 9.05(d) above, remove debris, raze or remove portions of damaged structures and perform any other clean up the Association deems necessary to make the Parcel safe and attractive. The cost of such cleanup shall be assessed to the Parcel Owner as an Individual Parcel Assessment.

10.04 Condemnation.

(a) Commons. In the event of the taking of all or any portion of any of the Commons as a result, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof, then the award from such taking or sale shall be paid to the Association and, subject to the terms and provisions of this Section 10.04(a), shall be utilized to either purchase remaining lands either within or outside of Mt Laurel for the utilization of additional Commons or, to restore, rebuild or replace those portions of the Commons subject to such taking. If the award from such taking is insufficient to fully defray the costs of such repair or replacement and such deficiency cannot be appropriated from the reserve fund as may have been established for such purpose, then a Special Assessment may be levied pursuant to the terms and provisions of Section 8.04 of this Declaration. Notwithstanding the foregoing, to the extent the Commons subject to such taking cannot be restored or replaced or additional lands within or outside of Mt Laurel cannot be purchased by the Association in order to repair, replace or restore the Commons so taken or if the Board shall determine that the portions of the Commons so taken should not be replaced or restored, then in any such event, the net award from such taking shall be retained by and for the benefit of the Association.

(b) Parcels and Improvements. In the event all or any portion of a Parcel or any Improvements thereto is taken as a result of, in lieu of or in anticipation of the exercise of right of eminent domain, condemnation or by private purchase in lieu thereof, then to the extent practicable, the Owner of such Parcel and any Improvements thereto shall promptly repair, restore, rebuild and otherwise restore the remaining portions of such Parcel and the Improvements thereto as nearly as practicable to the condition to which the same existed immediately prior to such taking. In the event the restoration of such Parcel or the Improvements thereto would be impracticable or would otherwise violate any of the terms and provisions of this Declaration or the Mt Laurel Design Code, then the Owner of such Parcel shall, with the prior written approval of the Mt Laurel Design Review Board, have the right to clear away any remaining Improvements damaged or destroyed by such taking and shall leave such Parcel and any remaining Improvements thereon in a clean, orderly, safe and sightly condition. If the Owner fails to clean and secure a Parcel within 30 days after any such taking, the Association may, in accordance with the provisions of Section 9.05(d) above, remove debris, raise or remove portions of the damaged structures and perform any other clean-up the Association deems necessary to make the Parcel safe and attractive. The cost of such clean-up shall be assessed to the Parcel Owner as an Individual Parcel Assessment.

ARTICLE XI: Amendment, Dedication and Conveyance of Commons and Termination of Declaration

Property Owners should be able to rely on the Declaration and the general principles it states. However, new solutions will be proposed from time to time to make the Association operate more efficiently or to adjust to changing conditions. To the extent any such new solutions will have a material adverse affect on existing Owners, such solution must be approved by the Owners.

If, at any time in the future, the Founder or the Board determines that it would be in the best interests of the community to dedicate any of the Common Roads which are private roads to any Governmental Authority, the Founder and the Board have reserved the right to do so.

11.01 Amendment.

(a) Amendments by Founder Prior to Turnover Date. Subject to the provisions of Section 11.02 below, until the occurrence of the Turnover Date, the Founder may, in its sole discretion, amend this Declaration by a written instrument filed and recorded in the Probate Office without obtaining the approval of any Owner or

Mortgagee. Any amendment made pursuant to this Section 11.01(a) shall be certified by the Founder and shall be effective upon recording of the same in the Probate Office. Each Owner, by acceptance of a deed to a Parcel, and each Mortgagee, by acceptance of a Mortgage on any Parcel, agrees to be bound by all amendments permitted by this Section 11.01(a).

(b) Amendments by Owners Prior to Turnover Date. Subject to the provisions of Section 11.02 below, at any time prior to the Turnover Date, this Declaration may be amended by the Owners upon the written consent or ballot vote of both (i) the Founder and (ii) fifty-one percent (51%) in interest of those Owners (including the Founder who shall have the voting rights attributable to any and all Parcels owned by the Founder) who are voting either in person or by proxy at either a duly constituted meeting of the Owners held in accordance with the terms and provisions of the Bylaws or who are voting in a ballot vote submitted to the Owners pursuant to the terms and provisions of the Bylaws. Any amendment made and approved in accordance with the terms and provisions of this Section 11.01(b) shall be evidenced by an instrument signed by the Founder and either (1) the president or any vice president of the Association which president or any such vice president shall also certify that the requisite number of votes to adopt such amendment have been cast at a meeting of the Owners or in a ballot vote of the Owners in accordance with the terms and provisions hereof or (2) by those Owners who have voted in favor of such amendment in accordance with the terms and provisions of this Section 11.01(b) and shall be effective upon recording of the same in the Probate Office.

(c) Amendments After Turnover Date. Subject to the provisions of Section 11.02 below, after the occurrence of the Turnover Date, amendments to this Declaration shall be proposed and adopted only by the affirmative vote of fifty-one percent (51%) in interest of those Owners (including the Founder who shall have the voting rights attributable to any Parcels owned by the Founder) who are voting either in person or by proxy at either a duly constituted meeting of the Owners held in accordance with the terms and provisions of the Bylaws or who are voting in a ballot vote submitted to the Owners pursuant to the terms and provisions of the Bylaws. Any other attempt to amend this Declaration shall be deemed null and void. Any and all amendments which have been approved in accordance with the terms and provisions of this Section 11.01(c) shall be executed by all parties whose consent to the same is required; provided, however, that in the alternative, the sworn statement of the President of the Association or by the Chairman of the Board, if any, stating unequivocally that the agreement of the requisite percentage of Owners in interest was lawfully obtained may be attached to and incorporated into such amendment without joinder of any of the Owners. Any such amendment shall be effective upon recording of the same in the Probate Office.

11.02 Restrictions on Amendment.

(a) Notwithstanding anything provided in this Declaration to the contrary, if, prior to the occurrence of the Turnover Date, any amendment proposed by the Founder to this Declaration (other than an amendment to add Additional Property to this Declaration or amendments pursuant to Section 11.02(c) below) (i) materially and adversely alters or changes the rights of any Owner to the use of his or her Parcel, as determined solely by the Founder, in its reasonable discretion, or (ii) involves the levy of a Special Assessment or an amendment to Section 8.04 of this Declaration, then, in either event, such amendment shall be valid only upon the written consent or ballot vote of both (1) the Founder and (2) fifty-one percent (51%) in interest of those Owners (including the Founder who shall have the voting rights attributable to any and all Parcels owned by the Founder) who are voting either in person or by proxy at either a duly constituted meeting of the Owners held in accordance with the terms and provisions of the Bylaws or who are voting in a ballot vote submitted to the Owners pursuant to the terms and provisions of the Bylaws. Notwithstanding anything provided in this Declaration to the contrary, each Owner, by acceptance of a deed to any Parcel, and each Mortgagee, by acceptance of a Mortgage encumbering any Parcel, acknowledges and agrees that the addition of Additional Property to this Declaration pursuant to Section 2.03 above and the amendment of this Declaration to add Additional Property to the terms and provisions hereof (x) shall not and does not constitute a material and adverse alteration or change in or to the rights of any Owner to

the use of his or her Parcel and (y) may be undertaken unilaterally by the Founder without the consent or approval of any Owner or Mortgagee.

(b) Notwithstanding anything provided in this Declaration to the contrary, at any time prior to or after the occurrence of the Turnover Date, (i) any amendments to (1) Sections 6.02(a) through 6.02(g) of this Declaration shall not be effective unless approved in accordance with the terms and provisions of Section 6.02(g) above and (2) the provisions of Section 8.01 above which exempt the Commercial Districts (other than Live Work Units) and Special Use Parcels from General Assessments and Special Assessments may not be amended unless approved in accordance with the terms and provisions of Section 8.01 above, (ii) none of the specific rights reserved in this Declaration unto the Founder, including, without limitation, any of the easements reserved or established herein for the benefit of the Founder, may be amended, without the specific consent of the Founder, including, without limitation, any of the easements reserved herein, and (iii) the termination of this Declaration pursuant to Section 11.04 below must be approved in accordance with the terms and provisions of Section 11.04 below.

(c) Notwithstanding anything provided in this Declaration to the contrary, the Founder reserves the right at any time and from time to time to amend this Declaration, without the consent or approval of any Owner or Mortgagee, to the extent necessary, as determined by the Founder, in its sole discretion, to (i) comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Veteran's Administration or any other government agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by the above-named entities, (ii) induce any of the foregoing described agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with Mortgages covering any Parcel, (iii) correct clerical or typographical errors in this Declaration or any Exhibit hereto, (iv) bring the Declaration in compliance with applicable Governmental Regulations or (v) to restate or compile all previous amendments to this Declaration into a single document. Any amendment to this Declaration made by the Founder pursuant to this Section 11.02(c) may be made solely by the Founder without the consent or approval of any Owner or Mortgagee.

11.03 Dedication.

(a) Common Roads. The Common Roads reflected on the Initial Plat shall initially be private roadways to be maintained by the Association. Notwithstanding the foregoing, each Owner, for such Owner and such Owner's respective heirs, executors, personal representatives, administrators, successors and assigns, does hereby acknowledge and agree that the Founder may, pursuant to the terms and provisions of this Section 11.03(a) elect, in its sole and absolute discretion, to dedicate any of the private roadways which constitute Common Roads within Mt Laurel to any Governmental Authority without any requirement that the consent or approval of any Owner or Mortgagee be obtained. Each Owner further acknowledges and agrees that the grant of the power of attorney hereinafter set forth in favor of Founder (which may be assigned by the Founder to the Association) constitutes a material inducement for the Founder to transfer and convey a Lot or Parcel to such Owner and may be exercised at any time and from time to time in accordance with the terms and provisions of this Section 11.03(a). Notwithstanding anything provided to the contrary in this Declaration, the Founder (i) does hereby establish and reserve the right, in its sole and absolute discretion, at any time and from time to time, to dedicate any or all of the Common Roads as public roadways to any Governmental Authority designated by the Founder without requirement that the approval or consent of any Owner or Mortgagee be obtained and (ii) shall be and hereby is authorized and entitled to execute any and all agreements, documents, instruments and subdivision plats pursuant to which any of the Common Roads are dedicated as public roadways. Each Owner, by acceptance of any deed to a Parcel and each Mortgagee, by the acceptance of any Mortgage on any Parcel, shall be deemed to, and each does hereby, irrevocably appoint the Founder as its respective agent and attorney-in-fact for the purpose of executing, signing, acknowledging, swearing to and recording any and all instruments, certificates, documents, agreements and subdivision plats relating to the dedication of any of the Common Roads to the Governmental

Authority as public roadways for and in the name of any such Owner and Mortgagee in their name, place and stead. The power and authority granted herein is hereby declared to be irrevocable and a power coupled with an interest which shall survive the death or dissolution of any Owner or Mortgagee and be binding on all Owners and Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns and anyone having any interest in any Parcel or in any of the easement rights in and to the Common Roads created or granted in this Declaration. The rights reserved by the Founder pursuant to this Section 11.03 may be assigned to the Association, which, upon such assignment, shall have the same rights reserved herein as the Founder.

(b) Conveyance of Commons. Pursuant to Section 3.04(e) above, the Founder has reserved the right, in its sole and absolute discretion, to grant conservation easements and otherwise convey portions of the Commons to tax-exempt entities in accordance with the terms and provisions thereof. Furthermore, the Founder does hereby reserve for itself and the Association their respective successors and assigns, forever, the right to grant non-exclusive easements over and upon any of the Commons to any governmental entities or agencies thereof, including, without limitation, school boards and school districts, which easements may be granted for either a nominal or no consideration whatsoever. In addition to the foregoing, any of the Commons or any portion thereof, may be transferred and conveyed by the Association at any time and on such terms as the Board may determine.

11.04 Duration; Termination. The covenants and restrictions contained in this Declaration shall run with and bind Mt Laurel and shall inure to the benefit of and be enforceable by the Founder, the Association, and all Owners of property within Mt Laurel, their respective legal representatives, heirs, successors or assigns for a period of 99 years from and after the date of this Declaration and shall be automatically extended and renewed for successive and continuous periods of ten (10) years each unless an instrument signed by Owners representing 90% in interest of all of the votes in the Association shall have been recorded, agreeing to terminate the Declaration as of a specified date.

ARTICLE XII:

General Provisions

12.01 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform and consistent plan for the development and operation of Mt Laurel as a community of the highest quality. The italicized portions at the beginning of each Article are intended to state the purposes for the provisions that follow and may be used as an aid to interpretation. However, if the italicized portion conflicts with the operative provision, the operative provision shall govern. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance, subdivision regulations or building codes which are less restrictive. The effective date of this Declaration shall be the date hereof. The captions and headings contained in this Declaration are for convenience of reference only and shall not be used in the construction or interpretation of any of terms and provisions of this Declaration. The table of contents, cover page and any index to this Declaration are for convenience of reference only and shall not define or limit any of the terms and provisions hereof.

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

12.03 Enforcement of Declaration.

(a) Mediation. Except for the Association's enforcement of its lien rights or other methods for collection of Assessments, any other dispute arising out of this Declaration may (but without any obligation) be heard by a mediator selected by the parties.

(b) Legal Remedies. To enforce this Declaration, the Rules and Regulations or the Mt Laurel Design Code, the Association, the Founder or the Mt Laurel Design Review Board may bring an action for damages, specific performance, declaratory decree or injunction, or any combination of such relief or any other remedy at law or in equity. In addition, the Association may enforce its lien rights established by this Declaration. The Board shall be empowered to bring suits on behalf of the Association.

(c) No Waiver. Failure to enforce any provision of this Declaration or the Rules and Regulations shall not be deemed a waiver of the right to do so at any time thereafter.

(d) Association's Legal Fees. In addition to all of the other rights and remedies set forth in this Declaration and the Rules and Regulations, in the event either the Founder, the Board, the Association, the Mt Laurel Design Review Board or any of their respective agents and representatives, undertake any legal or equitable action which any of them deem necessary to abate, enjoin, remove or extinguish any violation or breach of this Declaration or the Rules and Regulations, then all costs and expenses incurred by any of them, including, without limitation, attorneys' fees and court costs, in enforcing any of the terms, provisions, covenants or conditions set forth in this Declaration or the Rules and Regulations shall be paid for by the Owner against whom such action was initiated. The Association and its agents and representatives, including, specifically, the Mt Laurel Design Review Board and the Board, are each hereby authorized to take any and all legal or equitable action as may be necessary under the circumstances to restrain or enjoin any violation or breach of this Declaration or the Rules and Regulations or to otherwise seek monetary damages as a result of any expenses incurred by the Association or the Mt Laurel Design Review Board to cure any such violation or breach by any Owner.

12.04 Notices. Each Owner shall be obligated to furnish to the Association, in writing, the address, if other than the Parcel of such Owner, to which any notice to such Owner under this Declaration is to be given and, if no address other than such Parcel shall have been designated in writing, then all notices and demands shall be mailed or delivered to the Parcel of such Owner. Any Owner may, for the purposes of notices hereunder, specify in writing to the Association that all notices be submitted to such Owner by facsimile transmission or through the Internet utilizing a specific electronic mailbox for that particular Owner. All notices required or permitted to be given to any Owner pursuant to the terms and provisions of this Declaration shall be deemed to have been sufficiently given or served upon any Owner when either (a) deposited in the United States mail for first-class delivery with postage prepaid and addressed to the last address furnished by such Owner to the Association (or if no address has been furnished, then to the Parcel of such Owner), in which case notice shall be deemed given upon deposit of same in the United States mail, (b) delivered to the Building, if any, situated on an Owner's Parcel in which event notice shall be deemed given upon personal delivery of such notice to the mailbox or when attached to the front door of such Building, (c) sent by facsimile transmission to a facsimile number provided in writing by such Owner to the Association, which notice shall be deemed to have been given upon transmission of such facsimile notice or (d) sent by Internet to an electronic mailbox address provided in writing by such Owner to the Association, which notice shall be deemed to have been given upon transmission of such electronic mail by the Association. All notices to the Association shall be delivered or sent to the following address:

Mt Laurel Neighborhood Association, Inc.
P. O. Box 382825
Birmingham, Alabama 35238
Facsimile : (205) 408-5716
E-Mail: mtlareel.com

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

12.05 Gender and Number. The use of the masculine gender shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders.

12.06 Law to Govern. This Declaration shall be construed in accordance with the laws of the State of Alabama.

12.07 No Reverter. Except for the repurchase rights retained by the Founder as to each Parcel as provided in the Master Deed Restrictions, no restriction or provision hereof is intended to be or shall be construed as a condition subsequent or a possibility of reverter in favor of the Founder nor shall any provision be deemed to vest any reversionary interest in the Founder.

12.08 Control by Founder. Each Owner, by acceptance of a deed to any Parcel, and each Mortgagee by acceptance of a Mortgage encumbering any Parcel, agrees that until the Turnover Date, the Founder shall have the sole and exclusive right and authority to (a) appoint and remove all members of the Board and (b) exercise all voting rights in the Association (except to the extent specifically provided to the contrary in Section 11.02 above).

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

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

12.11 No Partition. Each Owner hereby waives any right to seek or obtain judicial partition of any portion of Mt Laurel.

12.12 Assignment. The Founder shall have the right, in its sole and absolute discretion, to assign any and all of the rights, powers, reservations, easements and duties contained herein to any person or entity who shall thereupon have the same rights, powers, reservations, easements and duties as the Founder hereunder. Notwithstanding anything provided herein to the contrary, no sale, transfer, conveyance, lease, pledge, encumbrance or other hypothecation of any Parcel by the Founder to a third party shall constitute or be deemed to constitute a transfer of any of the rights reserved herein to the Founder unless express reference is made in such instrument of conveyance to the specific rights created in this Declaration which the Founder has transferred to any such third party.

12.13 Binding Effect. The terms and provisions of this Declaration shall be binding upon each Owner, Occupant and Mortgagee and their respective heirs, executors, administrators, personal representatives, successors and assigns and shall inure to the benefit of the Founder, the Association, the Mt Laurel Design Review Board, all of the Owners and their respective Mortgagees and each of their respective heirs, executors, administrators, personal representatives, successors and assigns.

12.14 Standards for Review. Whenever in this Declaration, the Founder, the Mt Laurel Design Review Board or the Association have the right to approve, consent to, or require any action to be taken pursuant to the terms or provisions hereof, such approval, consent or required action shall, except as otherwise specifically provided herein to the contrary, be given or withheld in the sole and absolute discretion of the Founder, the Mt Laurel Design Review Board or the Association, as the case may be.

12.15 Oral Statements. Oral statements or representations by the Founder, the Association, the Mt Laurel Design Review Board or any of their respective employees, agents, representatives, successors or assigns, shall not be binding upon the Founder, the Association or the Mt Laurel Design Review Board.

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

IN WITNESS WHEREOF, the undersigned does hereby make this Declaration of Charter, Easements, Covenants and Restrictions for Mt Laurel and has caused this Declaration to be executed as of the day and year first above written.

EBSCO DEVELOPMENT COMPANY, INC.,
an Alabama corporation

By: [Signature]
Its: VP FOUNDER INCORPORATION

STATE OF ALABAMA)
 :
COUNTY OF SHELBY)

I, the undersigned, a notary public in and for said County in said State, hereby certify that Elton B. Stephens JR, whose name as VP Founder of EBSCO DEVELOPMENT COMPANY, INC., an Alabama corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 11 day of October ~~September~~, 2000.

[Signature: Della M. Pender]
Notary Public
My Commission expires: MY COMMISSION EXPIRES SEPTEMBER 21, 2002

Inst # 2000-35580

10/12/2000-35580
09:11 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
044 CJ1 140.00