

**STONEGATE FARMS
AMENDED AND RESTATED
COVENANTS, CONDITIONS AND RESTRICTIONS**

Inst # 2001-12016

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COVENANTS, CONDITIONS AND RESTRICTIONS

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**STONEGATE FARMS
AMENDED AND RESTATED
COVENANTS, CONDITIONS AND
RESTRICTIONS**

THESE STONEGATE FARMS AMENDED AND RESTATED COVENANTS, CONDITIONS AND RESTRICTIONS ("Covenants") are made as of February 21, 2001, by **STONEGATE FARMS, LLC**, an Alabama limited liability company ("Developer").

R E C I T A L S:

A. Developer is the owner of the Property, as described in Section 1.41 below. By instrument recorded under Instrument No. 2001/05954, in the Probate Office of Shelby County, Alabama, Developer did declare and establish that the Property is and shall be held, developed, improved, transferred, sold, conveyed, leased, occupied and used subject to the Covenants, conditions and restrictions as therein set forth (the "Original Covenants").

B. Developer desires to make certain modifications to the Original Covenants and to amend and restate the Original Covenants in their entirety. Developer further desires to own, develop, improve, lease and sell the Property for single-family detached residential housing purposes subject to these Covenants in order to protect the value and desirability of the Property and to have a flexible and reasonable method for the administration and maintenance of the Property.

C. Developer has heretofore caused the Association, as defined in Section 1.07 below, to be formed as an Alabama nonprofit corporation for the purpose of making Assessments, as defined in Section 1.06 below, and otherwise taking all action which the Association is authorized to undertake hereunder.

NOW, THEREFORE, the Original Covenants are hereby amended and restated in their entirety to read as follows, and, subject to the conditions and limitations described below, Developer does hereby further proclaim that all of the Property shall be held, developed, improved, transferred, sold, conveyed, leased, occupied and used subject to these Covenants which shall be binding upon and inure to the benefit of all parties acquiring or having any right, title or interest in any portion of the Property and any of the Additional Property, as described in Section 1.01 below (but only to the extent Developer submits any portion of the Additional Property to the terms and provisions of these Covenants), and their respective heirs, executors, administrators, personal representatives, successors and assigns. The Original Covenants are hereby superceded, terminated, vacated and extinguished in favor of these Covenants.

ARTICLE I

DEFINITIONS

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

1.01 **Additional Property.** The term "Additional Property" shall mean and refer to any real property and any Improvements situated thereon lying adjacent to or in close proximity with the Property which Developer may from time to time submit and add to the provisions of these Covenants pursuant to the provisions of Section 2.02 below. The Additional Property may also include additional Common Areas.

1.02 **Applicable Rate.** The term "Applicable Rate" shall have the meaning shown in Section 8.10(a) herein.

1.03 **ARC.** The term or letters "ARC" shall mean and refer to the Architectural Review Committee appointed pursuant to Section 5.02 hereof with the rights and obligations conferred upon such Architectural Review Committee pursuant to these Covenants.

1.04 **Architectural Standards.** The term "Architectural Standards" shall mean and refer to the standards prepared, issued and amended from time to time by the ARC pursuant to Section 5.04 below for the purpose of reviewing and approving all exterior improvements, landscaping and any other Improvements which may be made to any Lot, Dwelling or Common Area.

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

1.06 **Assessment.** The term "Assessment" shall mean and refer to the annual and special assessments and any other charges assessed against any Lot, Dwelling or Owner by the Association pursuant to Sections 8.01, 8.03, 8.04, 8.05 and 8.06 hereof.

1.07 **Association.** The term "Association" shall mean and refer to Stonegate Farms Property Owners' Association, Inc., an Alabama nonprofit corporation.

1.08 **Attic.** The term "Attic" shall mean and refer to any unfinished space above the highest finished ceiling of any Improvement.

1.09 **Basement.** The term "Basement" shall mean and refer to any area of any Improvement that is confined by four subterranean walls, and is not air conditioned or heated space, and is not finished for general living accommodations.

1.10 **Board.** The term "Board" shall mean and refer to the members of the Board of Directors of the Association and their duly elected successors as may be provided in the Articles of Incorporation and Bylaws, as the same may exist from time to time.

1.11 **Bulk Storage Area.** The term "Bulk Storage Area" shall mean and refer to any portion of any Improvement which is unfinished, unheated and uncooled by air conditioning, heating or ventilation equipment, and used for the sole purpose of storage.

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

1.13 **Common Areas.** The term "Common Areas" shall mean and refer to all real and personal property now or hereafter owned by the Developer or the Association for the nonexclusive, common use and enjoyment of the Owners and Occupants. The Common Areas shall include (a) all private roadways and easements located within the boundaries of the Development which provide ingress to and egress from any portion of the Development (other than any such private roadways or easements which are located solely within the boundary lines of any Lot or Dwelling), including, without limitation, all Development Roads; (b) all signage, street lights, lighting, walkways, sidewalks, paths, the Horse Trail, the Limited Access Facilities, Improvements, or other landscaped areas immediately adjacent to any public or private roadways which may be adjacent to or in close proximity with the Development and which provide ingress to and egress from any portion of the Development (other than any such areas located solely within the boundary lines of any Lot or Dwelling); (c) all Lakes, water features, storm drains and sewers, drainage and/or watershed protection or retention ponds, basins or other areas and facilities located within the Development (other than such areas located solely within the boundary lines of any Lot or Dwelling); (d) all maintenance areas and parking areas located on any portion of the Development (other than such areas located solely within the boundary lines of any Lot or Dwelling); (e) all utility lines, pipes, ducts, conduits, equipment, machinery and other apparatus and appurtenances which are located in or serve any portion of the Common Areas; (f) all parks, nature trails, recreational facilities and areas; and (g) all easements and easement areas within the Development (other than such areas located solely within the boundary lines of any Lot or Dwelling), including, without limitation, the easement reserved in Section 3.07(a) hereof, and any other areas or Improvements on or within the Development which are designated as Common Areas by Developer or the Board from time to time. The designation of any land and/or Improvements as Common Areas shall not mean or imply that any party acquires any easement of use or enjoyment thereof or any other rights, licenses or benefits therein, except as expressly herein stated. The enumeration of items above as components of the defined term "Common Areas" shall not mean or imply that any or all of such improvements will exist within the Development. Other than the Development Roads, the Limited Access Facilities, the Lakes and the Horse Trail, which Developer hereby obligates itself to construct, create and provide, at Developer's expense, as part of the Common Areas, there shall be no obligation for the Developer or the Association, by virtue of this Section 1.13, to construct, create or provide such improvements within the Development. Nevertheless, if any such other improvements are constructed, created or provided within the Development by Developer, at Developer's expense, such improvements shall be deemed Common Areas for the purposes of these Covenants.

1.14 **Common Expense; Common Expenses.** The term "Common Expense or Common Expenses" shall mean and refer to any or all expenditures made or incurred by or on behalf of the Association, including, without limitation, those expenses described in Section 8.04(c) below, and all funds assessed for the creation or maintenance of reserves pursuant to the provisions of these Covenants.

1.15 **Covenants.** The term "Covenants" shall mean and refer to these Stonegate Farms Amended and Restated Covenants, Conditions and Restrictions as set forth herein, and all amendments thereto.

1.16 **Deposit.** The term "Deposit" shall have the meaning shown in Section 6.29(f) herein.

1.17 **Developer.** The term "Developer" shall mean and refer to Stonegate Farms, LLC, an Alabama limited liability company, its successors and assigns.

1.18 **Development.** The term "Development" shall mean and refer to approximately 441 acres of real property known as "Stonegate Farms" being more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, and all Improvements thereon and any additional property submitted thereto as Developer, in its sole discretion, shall deem necessary or desirable. The Property comprises a part of the Development.

1.19 **Development Roads.** The term "Development Roads", whether used in the singular or in the plural, shall mean and refer to those certain private roadways situated within the Development, as generally depicted on the plan of the Development, and all additions, improvements and alterations thereto which may be made to such roadways from time to time.

1.20 **Dwelling.** The term "Dwelling" shall mean and refer to any improved Lot intended for use as single-family detached residential housing, including without limitation, a detached guest house or servants' quarters, and all additions, modifications and alterations to any such residential housing. Wherever any of the phrases "Lot or Dwelling", "Lots or Dwellings", "Lot and Dwelling" or "Lots and Dwellings" appear herein, the term "Dwelling" or "Dwellings" in those instances shall include the Lot or Lots upon which such Dwelling or Dwellings are constructed.

1.21 **Farm Animal Lot.** The term "Farm Animal Lot" shall mean and refer to any Lot designated by the Developer or the ARC upon which shall be permitted the temporary or permanent care, housing and/or confinement of Farm Animals. Where applicable, the term Lot shall include Farm Animal Lot.

1.22 **Farm Animals.** The term "Farm Animal", whether used in the singular or plural, shall have the meaning stated in Section 6.23(b) hereof.

1.23 **Governmental Authority.** The term "Governmental Authority", whether used in the singular or the plural, shall mean and refer to any and all city, county, state and federal

governmental or quasi-governmental agencies, bureaus, departments, divisions or regulatory authorities having jurisdiction over any portion of the Development.

1.24 Horse Trail. The term "Horse Trail" shall mean and refer to any trail, path or lane constructed by Developer, at its expense, as part of the Common Areas, for the nonexclusive, common use and enjoyment of all Owners and Occupants for horseback riding, jogging, bicycling, or other non-motorized vehicular modes of travel, subject to any rules and regulations promulgated by the Association from time to time with respect thereto.

1.25 Improvement. The term "Improvement" shall mean and refer to all Dwellings, any building, structure, planting or device constructed, erected or placed upon any Lot or Common Area which in any way affects the exterior appearance of any Lot, Dwelling or Common Area. Improvements shall include, by way of illustration and not limitation, buildings, sheds, barns, foundations, covered patios, helipads, underground utilities, septic tanks, roads, driveways, walkways, paving, curbing, parking areas, trees, shrubbery, landscaping, fences, irrigation, screening, walls, signs, satellite dishes, radio or television antennas, and any other artificial or man-made changes or alterations to the natural condition of any Lot or Dwelling. "Improvements" shall also mean any grading and any excavation or fill, the volume of which exceeds eight (8) cubic yards, and any permanent soil erosion controls, ponds, lakes, or drainage channels.

1.26 Institutional Mortgagee. The term "Institutional Mortgagee" shall mean and refer to (a) any federal or state chartered bank, trust company, life insurance company, federal or state savings and loan association, real estate investment trust or other recognized lending institution which normally and customarily engages in the business of making Mortgage loans, (b) any institutional or governmental purchaser of Mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, and (c) any pension or profit-sharing trust that makes Mortgage loans or that purchases Mortgage loans in the secondary market, which holds a first Mortgage on any Lot or Dwelling which has been duly and properly recorded in the Probate Office of Shelby County, Alabama.

1.27 Lake; Lakes. The term "Lake or Lakes" shall mean and refer to any and all lakes constructed by Developer, at its expense, as part of the Common Areas, located entirely within the bounds of the Property, but specifically excluding Smyer Lake, Hollybrook Lake, Upper Big Pine Lake and Lower Big Pine Lake.

1.28 Lake Lot. The term "Lake Lot" shall mean and refer to any Lot, together with any Improvements thereon, which abuts any Lake. Where applicable, the term "Lot" shall include "Lake Lot".

1.29 Limited Access Facilities. The term "Limited Access Facilities" shall mean and refer to any and all guarded and/or electronically monitored gates, fences, walls, guard houses, and other structures constructed by Developer, at its expense, as part of the Common Areas, for controlling, limiting and restricting vehicular and pedestrian access to and from any portion of the Development.

1.30 Living Space. The term "Living Space" shall mean and refer to the enclosed and covered areas within a Dwelling which are open to grade on at least one wall, heated and cooled by heating, ventilating and air conditioning equipment, and finished for general living accommodations, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, Bulk Storage Areas, Attics and Basements.

1.31 Lot. The term "Lot" shall mean and refer to any unimproved portion of the Property upon which the Owner thereof intends that a Dwelling be constructed. Upon the recordation of any subdivision plat for any portion of the Property, each lot indicated thereon shall be deemed a Lot for purposes of these Covenants. A parcel of land shall be deemed unimproved and thus considered to be a Lot rather than a Dwelling until a certificate of occupancy is issued by applicable Governmental Authorities. Upon such completion, such Lot and the Improvements thereon shall collectively be considered to be a Dwelling for purposes of these Covenants. In the event any Lot is resubdivided by Developer pursuant to the provisions of Section 2.06 hereof, the resubdivided Lots shall constitute the number of Lots which remain after such division or combination of Lots. Where applicable, the term "Lot" shall also include "Farm Animal Lot" and/or "Lake Lot", as the case may be.

1.32 Maximum Living Space. The term "Maximum Living Space" shall have the meaning stated in Section 6.09 hereof.

1.33 Minimum Living Space. The term "Minimum Living Space" shall have the meaning shown in Section 6.08 herein.

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

1.35 Mortgagee. The term "Mortgagee" shall mean and refer to the holder of any Mortgage and shall include any Institutional Mortgagee.

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

1.37 Other Property Owners. The term "Other Property Owners" shall have the meaning shown in Section 3.11 herein.

1.38 Owner. The term "Owner" shall mean and refer to the record owner, including Developer, of fee simple title to any Lot or Dwelling, whether a corporation, partnership, proprietorship, association or other entity of any nature, including natural persons, but shall not include (i) any Mortgagee unless and until such Mortgagee has foreclosed on its Mortgage and purchased such Lot or Dwelling at the foreclosure sale held with respect to the foreclosure of

such Mortgage or (ii) any lessee, purchaser, contract purchaser or vendor who has an interest in any Lot or Dwelling solely by virtue of a lease, contract, installment contract or other agreement.

1.39 **Pets.** The term "Pets" shall have the meaning stated in Section 6.23(a) herein.

1.40 **Plan Review Fee.** The term "Plan Review Fee" shall mean and refer to a fee in a reasonable amount established by the ARC, and subject to change from time to time, to be charged to an Owner for the review of such Owner's plans and specifications for construction of any Dwelling and other material Improvements on any Lot.

1.41 **Property.** The term "Property" shall mean and refer to that certain real property situated in Shelby County, Alabama, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. The Property shall also include any Additional Property made subject to these Covenants pursuant to Section 2.02 hereof.

1.42 **Special Assessments.** The term "Special Assessments" shall have the meaning stated in Section 8.05 hereof.

ARTICLE II

PROPERTY SUBJECT TO COVENANTS

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

2.02 **Additional Property.** Developer reserves the right, in its sole and absolute discretion, at any time and from time to time during the pendency of these Covenants, to add and submit any Additional Property to the provisions of these Covenants and, to the extent any of the Additional Property is specifically submitted to the terms and provisions of these Covenants by Developer, then any such Additional Property shall constitute part of the Property. Additional Property may be submitted to the provisions of these Covenants by an instrument executed by Developer in the manner required for the execution of deeds and recorded in the Probate Office of Shelby County, Alabama, which instrument shall be deemed an amendment to these Covenants (which need not be consented to or approved by any Owner, Occupant or Mortgagee of any Lot or Dwelling) and shall (a) refer to these Covenants stating the book and page number in the Probate Office of Shelby County, Alabama where these Covenants are recorded, (b) contain a statement that such Additional Property is conveyed subject to the provisions of these Covenants or only specified portions thereof, and (c) contain an exact description of such

Additional Property. From and after the date on which any amendment to these Covenants is recorded in the Probate Office of Shelby County, Alabama submitting any Additional Property to the terms and provisions of these Covenants, the number of votes in the Association shall be increased by the number of Lots within the Additional Property which is added and submitted to these Covenants and in accordance with the voting rights set forth in the Bylaws. In no event shall Developer be obligated to submit any Additional Property to the provisions of these Covenants or to impose any of the covenants, conditions or restrictions set forth in these Covenants upon any real property owned by Developer other than the Property. Notwithstanding anything provided in these Covenants to the contrary, (1) the provisions of this Section 2.02 may not be abrogated, modified, rescinded, supplemented or amended, in whole or in part, without the prior written consent of Developer and (2) the rights reserved by Developer pursuant to this Section 2.02 shall not be deemed to inure to the benefit of any transferee or purchaser of any Additional Property or any portion thereof, unless Developer, in its sole discretion, transfers and conveys to such transferee or purchaser the rights reserved herein by express reference to Section 2.02 of these Covenants.

2.03 Right of Developer to Modify Restrictions with Respect to Lots Owned by Developer. With respect to any Lot owned by Developer, Developer may, by deed, contract or other instrument filed for record in the manner specified in Section 2.02 above, modify the provisions of these Covenants as the same apply to any such Lot, including but not limited to, the withdrawal of any such Lot from the operation and effect of these Covenants.

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

2.05 Development of Property. Subject to the approval of any Governmental Authority with appropriate jurisdiction, Developer shall have the right, but not the obligation, for so long as Developer owns any portion of the Development, or until such earlier date as Developer elects in its sole discretion to relinquish such right, to make improvements and changes to all Common Areas and to all Lots or Dwellings owned by Developer, including, without limitation, (i) installation and maintenance of any Improvements in or to the Common Areas, (ii) changes in the location of the boundaries of any Lot or Dwelling owned by Developer or of the Common Areas, (iii) installation of any water, sewer and any other utility systems and facilities within the Common Areas, (iv) installation of limited access and trash and refuse facilities, and (v) installation and maintenance of any soil erosion control, ponds, lakes or drainage channels.

2.06 Subdivision Plat. Developer reserves the right to record, modify, amend, revise and otherwise add to, at any time and from time to time, a subdivision plat setting forth such information as Developer may deem necessary with regard to the Property, including, without limitation, the locations and dimensions of all Lots, Dwellings, Common Areas, Additional Property, public or private roads, utility systems, drainage systems, utility easements, drainage

easements, access easements, set-back line restrictions, Lakes, retention ponds and drainage basins. Any such subdivision plats or any amendments thereto shall be binding on the portions of the Property indicated thereon as if such subdivision plat were specifically incorporated into these Covenants. Notwithstanding anything provided to the contrary in these Covenants, Developer may at any time or from time to time divide and redivide, combine and resubdivide any Lots owned by Developer and change any easement description or relocate any roads affected thereby, subject to approval of any Governmental Authority having jurisdiction thereof. In no event shall any Lot contain less than three (3) acres.

ARTICLE III

EASEMENTS

3.01 Grant of Nonexclusive Easements to Owners.

(a) Common Areas. Subject to the terms and conditions of these Covenants and the rules, regulations, fees and charges from time to time established by the Board, Developer does hereby grant to each Owner and Occupant, and the licensees, invitees, guests and contractors of any Owner or Occupant, the nonexclusive right, privilege and easement of access to and the use and enjoyment of the Common Areas in common with Developer, its successors and assigns, and all other Owners and Occupants. Subject to the provisions of Sections 3.03(a), 3.03(b) and 3.03(c) below, the easement and rights granted pursuant to this Section 3.01(a) are and shall be permanent and perpetual, are nonexclusive, are appurtenant to and shall pass and run with title to each Lot and Dwelling. The easements and rights granted pursuant to this Section 3.01(a) are expressly subject to the rights reserved by Developer to restrict access to the Development as provided in Sections 3.03(a) and 3.03(b) below and to take any action necessary or desired in order to cause any of the Development Roads to be dedicated and accepted public roadways by any Government Authority as provided in Section 3.03(c) below, subject to a majority vote of the Association. The use of any Common Areas for horseback riding shall be subject to such reasonable rules and regulations as may be adopted by the Association from time to time.

(b) Development Roads. Subject to the terms and conditions set forth in these Covenants, and subject also to traffic rules and regulations described in Section 6.32, Developer does hereby grant to each Owner and Occupant, for ingress and egress to and from any Lot, Dwelling or Common Area, a nonexclusive easement over and upon, and the right to use for pedestrian and vehicular travel and transportation purposes, all Development Roads, subject to and in common with the rights of Developer, its successors and assigns, and the rights of all other parties having any interest or rights therein. Subject to the terms of Sections 3.03(a) and 3.03(b) below and the rights reserved by Developer, subject to a majority vote of the Association, to take any action necessary or desired in order to cause any of the Development Roads or any portion thereof to be dedicated to and accepted as a public roadway or roadways by any Government Authority, as provided in Section 3.03(c) below, the easement and right to use granted pursuant to this Section 3.01(b) are and shall be permanent and perpetual, are nonexclusive, and are appurtenant to and shall pass and run with title to each Lot and Dwelling. The easement and right to use granted pursuant to this Section 3.01(b) are also subject to all rights of Developer to

upgrade and improve any intersection of any of the Development Roads and any other Development Road or other street or highway when, in Developer's judgment, such upgrading or improvement is necessary to maintain acceptable traffic flow within the Development. Such upgrading and improving shall include, but not be limited to, signalization of any such intersection. To the extent Developer is obligated to maintain or otherwise pay any portion of the costs of maintaining the Development Roads, or if Developer deems it necessary or desirable to upgrade or improve any intersection of any of the Development Roads and any other Development Road or other street or highway as stated above, the Association shall assume all of Developer's obligations relating thereto and such costs shall be included in the Common Expenses pursuant to Section 8.04(c) below. Any provisions herein to the contrary notwithstanding, the initial capital cost of constructing the Development Roads will be paid by the Developer, and such initial capital cost will not be included or funded as a Common Expense.

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

3.03 Reservation of Controlled Access Easement.

(a) Waiver of Unlimited Access. Each Owner, by acceptance of a deed or other instrument conveying any interest in any Lot or Dwelling, does hereby waive all rights of uncontrolled and unlimited access, ingress to and egress from such Lot or Dwelling and acknowledges and agrees that (i) in order to provide quiet enjoyment, access and ingress to and egress from the Development and/or the Property may be controlled, restricted and limited to exclude the general public therefrom and (ii) access, ingress to and egress from such Owner's Lot or Dwelling shall be limited to the roads, sidewalks, walkways, paths, trails and bicycle and jogging paths and lanes, including, without limitation, the Horse Trail, designated as Common Areas by Developer; provided, however, that, subject to the terms and provisions of these Covenants, vehicular and pedestrian access to and from all Lots and Dwellings shall be provided at all times.

(b) Right to Install Limited Access Facilities. Developer does hereby establish and reserve for itself, the Association, and their respective successors and assigns, the right and privilege, but not the obligation, to maintain the Limited Access Facilities for controlling, limiting and restricting vehicular and pedestrian access to and from any portion of the Development.

(c) Power of Attorney. Notwithstanding anything provided to the contrary in these Covenants, Developer (i) does hereby establish and reserve the right, subject to a majority vote of the Association, to dedicate any of the Development Roads or any portion thereof as a public

roadway or roadways to any Governmental Authority designated by Developer without requirement that the approval or consent of any Mortgagee be obtained, and (ii) subject to such majority vote, 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 Development Roads or any portion thereof are submitted for dedication as a public roadway or roadways. Each Owner, by acceptance of any deed to a Lot or Dwelling, and each Mortgagee, by the acceptance of any Mortgage on any Lot or Dwelling, shall be deemed to, and each does hereby, irrevocably appoint the Developer as its respective agent and attorney-in-fact, subject to such majority vote, 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 Development Roads or any portion thereof for and in the name of any such Owner and Mortgagee in their name, place and stead. The power and authority conditionally granted herein is hereby declared to be irrevocable and a power coupled with an interest which shall survive the death or dissolution of any Owner or Mortgagee and be binding on all Owners and Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns and anyone having any interest in any Lot, Dwelling or Common Area or in any of the easement rights created or granted in these Covenants. The rights reserved by Developer pursuant to this Section 3.03(c) may be assigned to the Association. Upon such assignment, the Association shall have the same rights reserved herein to Developer.

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

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

3.04 Reservation of General Access Easement. Developer does hereby establish and reserve for itself, the ARC, and the Association, their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, through and upon each Lot and Dwelling for the purpose of providing ingress to and egress from each Lot and Dwelling for (a) inspecting each Lot and Dwelling and any Improvements thereon in order to determine compliance with the provisions of these Covenants, and (b) the performance of the respective duties of Developer, the ARC and the Association hereunder, including, without limitation taking any action required or permitted to be taken by Developer, the ARC and/or the Association pursuant to any of the terms or provisions of these Covenants or Bylaws; provided, however, that upon completion and occupancy of any Dwelling, then except in the event of emergencies, the foregoing easement shall be utilized only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of such Lot or Dwelling directly affected thereby.

3.05 Reservation of Easements with Respect to Common Areas.

(a) Easement Upon Common Areas. Developer does hereby establish and reserve, for itself, the Association, the ARC, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, under, through and upon all of the Common Areas for the purpose of (i) constructing, installing, maintaining, repairing and replacing any Improvements to the Property or to the Common Areas and (ii) doing all other things reasonably necessary and proper in connection therewith; provided, however, that nothing in this sentence shall obligate Developer to undertake any of the foregoing. In addition to the other rights and easements established and reserved herein and regardless of whether Developer continues to own any portion of the Development, Developer hereby establishes and reserves for itself and its successors and assigns, a permanent and perpetual, nonexclusive easement to have access, ingress to and egress from and the right and privilege to use and enjoy the Common Areas and all Improvements thereon for such purposes as Developer deems appropriate; provided, however, that Developer should not exercise such rights so as to unreasonably interfere with the rights of the Owners to use the Common Areas.

(b) Changes in Common Areas. Developer does hereby establish and reserve unto itself and its successors and assigns the permanent right to change, modify and realign the boundaries of any of the Common Areas, any Lots, Dwellings, or other portions of the Development owned by Developer. Developer further reserves the right, but shall not have any obligation, to convey by quitclaim deed to the Association at any time and from time to time any portion of the Development, the Property or any Improvements thereto to be utilized as Common Areas, as Developer, in its sole discretion, may determine.

3.06 Reservation of Easement for Utilities. Developer does hereby establish and reserve for itself and the Association, and their respective successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, under, through and upon all portions of the Common Areas and all Lots and Dwellings which are reasonably necessary for the purpose of installing, erecting, replacing, relocating, maintaining and operating television and/or cable systems, limited access facilities and similar systems and all utilities necessary or convenient for the use of any portion of the Development including, without limitation, publicly or privately owned and operated electrical, gas, telephone, water and sewer services, storm drains and sewers, drainage systems, retention ponds, lakes, basins and facilities, lines, pipes, conduits, equipment, machinery and other apparatus and appurtenances necessary or otherwise reasonably required in order to provide any utility service to any portion of the Development. The easements established and reserved herein shall include the right to cut and remove trees, undergrowth and shrubbery, to grade, excavate or fill and to otherwise take all other action reasonably necessary to provide economical and safe installation, maintenance, repair, operation and replacement of all such utility services and the systems, equipment and machinery used to provide the same. Notwithstanding anything provided in this Section 3.06 to the contrary, (i) the utilization of any of the easements and right established and reserved pursuant to this Section 3.06 shall not unreasonably interfere with the use or occupancy of any Dwelling situated on any Lot, and (ii) Developer shall use good faith efforts to attempt to cause any utility company or other supplier or

provider of any utility service which may utilize any of the easements and right reserved and established pursuant to this Section 3.06 to take reasonable action to repair any damage to any Lot or Dwelling caused by such utility company or other supplier or provider of such utility service during the exercise of any rights established and reserved herein.

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

(a) Easement for Walks, Trails and Signs. Developer does hereby establish and reserve for itself, the Association, their respective successors and assigns, a permanent and perpetual easement appurtenant over, across, through and upon a strip of land thirty (30) feet in width on any side of any Lot or Dwelling lying parallel and directly adjacent to and abutting any public or private roadway, for the purpose of constructing, installing, maintaining, repairing, operating, replacing and the use of sidewalks, if any, walkways, the Horse Trail, traffic directional signs, street lights and related improvements, if any; provided, however, that neither Developer nor the Association, by virtue of this sentence, shall have any obligation to construct any of the foregoing improvements, except as otherwise specifically provided herein.

(b) Easement for Perimeter Access Control. Developer does hereby establish and reserve for itself, the Association, and their respective successors and assigns, a permanent and perpetual easement appurtenant over, across, through and upon a strip of land fifteen (15) feet in width on the side of any Lot or Dwelling lying parallel to the perimeter boundary of the Development for the purpose of constructing, installing, maintaining, repairing, operating and replacing a perimeter wall, fence, mound or berm around the perimeter boundary of the Development; provided, however, that neither Developer nor the Association, by virtue of this sentence, shall have any obligation to construct any such perimeter wall, fence, mound or berm.

3.08 Reservation of Maintenance Easement. Subject to the terms and provisions of Section 7.02(b) below, Developer does hereby establish and reserve for the Association, and each of its respective agents, employees, successors and assigns, a permanent and perpetual right and easement to enter upon any Lot or Dwelling for the purpose of landscaping, mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash so as to maintain reasonable standards of health, fire, safety and appearance within the Development; provided, however, that such easement shall not impose any duty or obligation upon Developer or the Association to perform any of the foregoing actions.

3.09 Reservation of Environmental Easement. Developer does hereby establish and reserve for itself, the ARC, the Association and their respective agents, employees, successors and assigns, a permanent and perpetual right and easement on, over, across and upon all Lots and all unimproved portions of any Dwellings for the purpose of taking any action necessary to effect compliance with the Architectural Standards or any environmental rules, regulations and procedures from time to time promulgated or instituted by any Governmental Authorities or the Association, including, but not limited to, such rules, regulations and procedures regarding sedimentation, soil erosion or storm water control. Except in the case of an emergency situation or a perceived emergency situation, the exercise by Developer or the Association of the rights

reserved in this Section 3.09 shall not unreasonably interfere with the use or occupancy of any Dwelling situated on any Lot.

3.10 Landscaping by Owners on Easement Areas. The Developer, the Association, any Governmental Authority, any utility company, and each of their respective successors and assigns, shall not be liable to any Owner, Occupant or any other party for and on account of damage to any landscaping or plantings placed on any easement area or road right-of-way within the Development by any Owner, Occupant or any other party .

3.11 Easement and Use Restriction Agreement. By acceptance of a deed to any Lot or Dwelling, the Owner of such Lot or Dwelling shall be deemed to have acknowledged that, pursuant to that certain Easement and Use Restriction Agreement by and among S. W. Smyer, Jr., Ingrid France Smyer-Dubrow, Harald L. Smyer (collectively, the "Other Property Owners"), and Developer, dated January 26, 2001, and recorded under Instrument Number 2001-02969, in the Probate Office of Shelby County, Alabama, Developer granted to the Other Property Owners, and their respective heirs, executives, administrators, successors and assigns, a permanent, perpetual and non-exclusive easement over, across, through, under and upon one or more of the Development Roads, subject to the terms and conditions set forth in such Easement and Use Restriction Agreement. Such terms and conditions include, without limitation, a requirement for any such Other Property Owner to pay a portion of the maintenance costs associated with such Other Property Owner's use of any of the Development Roads, pursuant to such Easement and Use Restriction Agreement.

3.12 Disclaimer Regarding Area Lakes. Neither the Developer, the Association, any Owner, nor any Occupant shall have any rights in and to, or any obligations with respect to, any or all of Smyer Lake, Hollybrook Lake, Upper Big Pine Lake and/or Lower Big Pine Lake, all located within the area of the Development. Such area lakes are privately owned by other parties and are provided solely for such other parties and their designees. Ownership of any Lot or Dwelling within the Development shall not entitle such Owner to any rights in or to or the use of any of such area lakes. All of such area lakes are specifically excluded from Common Areas as herein defined.

ARTICLE IV

ASSOCIATION

4.01 **Membership.** The Owner of each Lot or Dwelling shall be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot or Dwelling; provided, however, that (a) Developer shall be deemed a member of the Association for so long as Developer owns any portion of the Stonegate Farms Property, or until such earlier date as Developer elects, in Developer's sole discretion, to terminate Developer's membership in the Association, (b) in the event any Lot or Dwelling is owned by more than one (1) person, then the Owner of such Lot shall, by written notice to the Board, designate only one (1) representative to serve as a member of the Association until such time, if at all, that the Mortgagee becomes an Owner by virtue of foreclosure of its Mortgage and title to such encumbered Lot or Dwelling is vested in Mortgagee pursuant to duly recorded deed. The transfer or conveyance of fee title to any Lot or Dwelling (other than by a Mortgage as security for the payment of an obligation), shall automatically include the transfer of all membership rights of such Owner in the Association with respect to the Lot or Dwelling transferred and conveyed, notwithstanding any failure of the transferor to endorse to his transferee any certificates, assignments or other evidence of such membership. Membership or the rights and benefits in the Association may not be transferred, assigned, conveyed or otherwise alienated in any manner separately and apart from the ownership of a Lot or Dwelling. Each member of the Association shall at all times comply with the provisions of these Covenants, the Articles of Incorporation, the Bylaws and all rules and regulations which may from time to time be adopted by the Board or the members of the Association.

4.02 **Board.** The Board shall have the rights and duties set forth in the Articles of Incorporation and the Bylaws. Developer hereby retains and shall have the right to appoint or remove, with or without cause, any member or members of the Board and any officer or officers of the Association until such time as Developer no longer owns any portion of the Property, or until such earlier date as Developer elects, in Developer's sole discretion, to relinquish such right. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, vests in Developer such authority to appoint and remove members of the Board and officers of the Association as provided by this Section 4.02.

4.03 **Voting Rights.** Subject to the rights reserved to Developer in the Articles of Incorporation and Bylaws (which, among other things, provide that only Developer, for so long as Developer owns any portion of the Property, or until such earlier date as Developer may elect, in Developer's sole discretion, shall be exclusively entitled to take various actions and vote on all matters to be voted on by the members of the Association) and the rights of the Association to suspend any Owner's voting rights or privileges in the Association pursuant to Section 11.01 below, the Owner of each Lot or Dwelling shall be entitled to one (1) vote in any matters submitted to the members of the Association for approval. No Owner, whether one or more persons, shall have more than one membership and one vote per Lot or Dwelling. Such voting rights shall continue to apply to each Lot or Dwelling upon the addition of any of the Additional Property to these Covenants, the owners of which may also be members of the Association, all in Developer's sole discretion. Each Owner, by acceptance of a deed or other conveyance to a Lot or

Dwelling, consents and agrees to the dilution of his or her voting interest in the Association by virtue of the resubdivision of any Lot by Developer pursuant to Section 2.06 above, the submission of any Additional Property to the terms of these Covenants. In no event, whether as a result of there being multiple ownership interests in any Lot or Dwelling or otherwise, shall more than one vote be allowed for any one Lot or Dwelling. Fractional voting shall not be permitted. For purposes of this Section 4.03, Developer shall be deemed to be the Owner of and entitled to all voting rights attributable to any Lots or Dwellings owned by Developer.

4.04 Duties and Powers of Association. In addition to the rights, duties, responsibilities and obligations of the Association otherwise set forth in these Covenants, the Association shall have the power to perform or cause to be performed any of the duties and powers set forth in the Articles of Incorporation and the Bylaws. The Association may exercise any other right or privilege granted to it expressly by the Board, these Covenants or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided to the contrary herein, in the Articles of Incorporation or in the Bylaws, the powers and authority granted to the Association may be exercised by the Board, acting through the officers of the Association, without further consent or action on the part of the Owners. Nothing herein shall be construed as a restriction of the rights, duties, responsibilities and obligations of the Association set forth in the Articles of Incorporation or the Bylaws.

4.05 Agreements. Subject to the conditions, restrictions and other provisions of these Covenants, all agreements, actions and determinations lawfully authorized by the Board with respect to the Property shall be binding upon all Owners, their heirs, executors, personal representatives, administrators, successors and assigns and all others having any interest in the Property. In performing its responsibilities hereunder, the Association, through the Board, shall have the right and authority to delegate to such persons of its choice such duties of the Association hereunder 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 Property, whether such personnel are furnished or employed directly by the Association or by independent contract with the Association. During the term of any such management agreement entered into by the Association with a third party, such manager may, if authorized by the Board, exercise all the powers and shall be responsible for the performance of all of the duties of the Association hereunder, excepting any of such powers or duties specifically and exclusively reserved to the Board or the officers of the Association by these Covenants, the Articles of Incorporation or the Bylaws. Such manager may be an individual, corporation or other legal entity and may be bonded in such manner as the Board may require, with the costs of such bond to be a Common Expense. In addition to the foregoing, the Association may pay for and the Board may hire and contract for such legal and accounting services as are necessary or desirable in connection with the operation of the Property, or the enforcement of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association.

4.06 Management by Developer or its Affiliates. In addition to the rights and authority granted to the Association in Section 4.05, Developer or any affiliate thereof may, but shall not be obligated to, be employed as the manager of the Association and the Property for so long as Developer owns any portion of the Property, or until such earlier date as Developer elects, in Developer's sole discretion, to relinquish such right, at such compensation and on such terms as would be usual, customary and obtainable in an arms-length transaction with any third party providing comparable services for any real estate development in the southeastern United States of the size, quality and nature of the Property. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, shall be deemed to ratify the provisions of this Section 4.06 and specifically be deemed to have approved any management agreement entered into by the Association and Developer or any affiliate thereof.

4.07 Rules and Regulations. The Board may establish and enforce reasonable rules and regulations governing the use of all Lots and Dwellings, including, without limitation, rules and regulations which govern (a) use of the Development Roads for construction and traffic related to construction on any Lot; (b) the establishment of bird sanctuaries, wildlife and wildflower areas; (c) the enforcement of all of the terms and provisions of these Covenants; and (d) the limitation, restriction or prohibition of application of fertilizers, pesticides, and other chemicals within the Development. Each such rule and regulation shall be binding upon all Owners and Occupants until and unless any such rule or regulation is specifically overruled, canceled or modified by the Board or by the majority vote of the total votes of the Association at any regular or special meeting of the Association; provided, however, that no such rule or regulation may be overruled, canceled or modified unless such action is also approved by Developer for so long as Developer owns any portion of the Property or until such earlier date as Developer elects in Developer's sole discretion, to relinquish such right.

4.08 Indemnification. The Association shall indemnify, defend and agree to hold each and every officer, agent, representative and member of the Board harmless from and against any and all expenses, including court costs and reasonable attorney's fees, suffered, paid or incurred with any action, suit or other proceedings (including the settlement of any suit or proceedings if approved by the Board) to which such person may be made a party by reason of being or having been an officer, agent, representative or member of the Board. The officers, agents, representatives and members of the Board shall not be liable for any mistake in judgement, negligence or otherwise except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The officers, agents, representatives and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall and does hereby indemnify, defend and agree to forever hold each such officer, agent, representative and member of the Board harmless from any and all liability to others on account of any such contract or commitment. The indemnification, obligations and rights provided for herein shall not be exclusive of any other rights to which any officer, agent, representative or member of the Board may be entitled, including anything provided to the contrary contained in the Articles of Incorporation or the Bylaws. The Association shall maintain adequate general liability and officers' and directors' liability insurance in order to fulfill its obligations under this Section 4.08 and the costs of such insurance shall constitute a Common Expense.

ARTICLE V
ARCHITECTURAL REVIEW COMMITTEE, DEVELOPMENT
AND ARCHITECTURAL STANDARDS

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

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

(a) For so long as Developer owns any portion of the Development, or until such earlier date as Developer may elect, in Developer's sole discretion, Developer shall have the sole and exclusive right to appoint and remove all of the members of the ARC.

(b) At such time as Developer no longer owns any portion of the Development or, upon Developer's written notice to the Association that it no longer desires to exercise the right to appoint and remove members of the ARC as provided in Section 5.02(a) above, then the members of the ARC shall be appointed by the Association.

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

(d) The Developer shall appoint the initial ARC for terms ranging from one (1) to three (3) years each, in Developer's sole discretion. At the expiration of the term of office of each respective member of the initial ARC, Developer, in the event the provisions of Section 5.02(a) above are applicable, or the Association, in the event the provisions of Section 5.02(b) above are applicable, shall appoint a successor of such member for a period of three (3) years.

5.03 **Procedure and Meetings.** The ARC shall elect a chairman and he or she, or in his or her absence, the vice-chairman, shall be the presiding officer at all meetings of the ARC. The ARC shall meet as necessary as well as upon call of the chairman or vice-chairman, and all such meetings shall be held at such places as may be designated by the chairman or vice-chairman. A

majority of the total number of members of the ARC shall constitute a quorum of the ARC for the transaction of business and the affirmative vote of a majority of those present in person or by proxy at a meeting of the ARC shall constitute the action of the ARC on any matter which comes before it. The ARC is authorized to establish, and change from time to time, the Plan Review Fee, and to retain the services of consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. Each member of the ARC may be paid a stipend or honorarium as may from time to time be determined by the Developer, in the event the provisions of Section 5.02(a) above are applicable, or the Association, in the event the provisions of Section 5.02(b) above are applicable and shall otherwise be entitled to a reimbursement of expenses incurred on behalf of the ARC, subject to the approval of such expenses by the Developer, in the event the provisions of Section 5.02(a) above are applicable, or the Association, in the event the provisions of Section 5.02(b) above are applicable. The ARC shall have the right from time to time to adopt and establish such rules and regulations as may be determined to be necessary concerning the procedure, notice of meetings and all other matters concerning the conduct of the business of the ARC.

5.04 Architectural Standards. The ARC is hereby authorized to promulgate and amend or modify from time to time written Architectural Standards governing policies, guidelines and minimum requirements to be satisfied with respect to the construction, location, landscaping and design of all Dwellings and other Improvements on any Lot, the content and manner in which plans and specifications and other documentation and information concerning the construction of any Dwelling or other Improvements on a Lot are to be submitted to and approved by the ARC, and any other matters affecting the construction, repair or maintenance of any Dwelling or other Improvements on any Lot. The Architectural Standards adopted by the ARC shall be in addition to the provisions and requirements set forth in these covenants and shall be binding upon and enforceable against all Owners.

5.05 Approval of Plans and Specifications.

(a) IN ORDER TO PRESERVE THE ARCHITECTURAL AND AESTHETIC APPEARANCE AND THE NATURAL SETTING AND BEAUTY OF THE DEVELOPMENT, TO ESTABLISH AND PRESERVE A HARMONIOUS DESIGN FOR THE DEVELOPMENT AND TO PROTECT AND PROMOTE THE VALUE OF THE DEVELOPMENT, THE PROPERTY, THE LOTS, THE DWELLINGS AND ALL IMPROVEMENTS THEREON, NO IMPROVEMENTS OF ANY NATURE SHALL BE COMMENCED, ERECTED, INSTALLED, PLACED, MOVED ONTO, ALTERED, REPLACED, RELOCATED, PERMITTED TO REMAIN ON OR MAINTAINED ON ANY LOT OR DWELLING BY ANY OWNER, OTHER THAN DEVELOPER, WHICH AFFECT THE EXTERIOR APPEARANCE OF ANY LOT OR DWELLING UNLESS PLANS AND SPECIFICATIONS THEREFOR HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF SECTION 5.05(b) BELOW. WITHOUT LIMITING THE FOREGOING, THE CONSTRUCTION AND INSTALLATION OF ANY DWELLINGS, SIDEWALKS, DRIVEWAYS, PARKING LOTS, MAILBOXES, DECKS, PATIOS, COURTYARDS, SWIMMING POOLS, TENNIS COURTS, GREENHOUSES, PLAYHOUSES, AWNINGS,

WALLS, FENCES, EXTERIOR LIGHTS, SATELLITE DISHES, RADIO OR TELEVISION ANTENNAS, GAZEBOS, GUEST OR SERVANTS' QUARTERS, GARAGES, BARNs OR ANY OTHER OUTBUILDINGS, SHALL NOT BE UNDERTAKEN, NOR SHALL ANY EXTERIOR ADDITION TO OR CHANGE OR ALTERATION BE MADE (INCLUDING, WITHOUT LIMITATION, PAINTING OR STAINING OF ANY EXTERIOR SURFACE) TO ANY DWELLING OR IMPROVEMENTS, UNLESS THE PLANS AND SPECIFICATIONS FOR THE SAME HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF SECTION 5.05(b)BELOW.

(b) The ARC is hereby authorized and empowered to approve all plans and specifications and the construction of all Dwellings and other Improvements on any part of the Property. Prior to the commencement of any Dwelling or other Improvements on any Lot or Dwelling, the Owner thereof shall submit to the ARC full payment of the Plan Review Fee, together with plans and specification and related data for all such Improvements, which shall include two (2) copies of each of the following:

- (i) House plans at a scale of $1/4" = 1'-0"$ or larger, to include the following:
 - 1. Exterior elevations of all Improvements.
 - 2. Note all finish floor elevations.
 - 3. Note all exterior materials.
 - 4. Foundation plan.
 - 5. Floor plans for each floor of the Dwelling to be constructed.
 - 6. Note square feet of Living Space per floor and total.
- (ii) Color samples and specifications, to include color samples of all exterior materials and finishes.
- (iii) Site development plan by a licensed surveyor at a scale of $1" = 20'$ indicating the following:
 - 1. Lot lines, building setbacks, utility easements and adjacent street(s).
 - 2. Existing grades at 2' intervals from the edge of pavement along the entire width of the Lot to a minimum of 30' behind the Dwelling to be constructed or greater if affected by construction, to be defined as the "Construction Area".
 - 3. Location of all trees 6" in diameter and larger located within the Construction Area, and note which of those existing trees are to be cleared.
 - 4. Location of waste disposal field.
 - 5. Erosion control.

6. Footprint and finish floor elevation of Dwelling to be constructed.
7. Location and size of driveways, decks, terraces, patios, barns, tennis courts, swimming pools, outbuildings, retaining walls, mechanical units, utility meters and drainage pipes.
8. Proposed layout of underground utility lines from the street to the Dwelling to be constructed.
9. Proposed grades at 2' intervals tied to existing grades.
10. 50' undisturbed setback line along the side and rear Lot lines shown.

(iv) An exterior lighting plan, including specifications for any exterior lighting to be utilized with respect to such Lot or Dwelling, including, but not limited to, any exterior lighting for tennis courts and/or swimming pools.

(v) A landscaping plan prepared and submitted in accordance with the provisions of Section 5.06 below.

(vi) Completed "Plan Review Form" provided by the Developer.

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

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

(d) The ARC shall have the right to disapprove any plans and specifications upon any ground which is consistent with the objectives and purposes of these Covenants, including purely aesthetic considerations, any failure to comply with any of the provisions of these Covenants or the Architectural Standards, failure to provide requested information, objection to exterior design, appearance or materials, objection on the grounds of incompatibility of any such proposed improvement with the scheme of development proposed for the Development or the Property, objection to the location of any proposed Improvements on any such Lot, objection to the landscaping plan for such Lot or Dwelling, objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any Improvement or any other matter

which, in the sole judgment of the ARC, would render the proposed Improvement inharmonious with the general plan of development contemplated for the Development. The ARC shall have the right to approve any submitted plans and specifications with conditions or stipulations by which the Owner of such Lot or Dwelling shall be obligated to comply and must be incorporated into the plans and specifications for such Improvements or Dwelling. Approval of plans and specifications by the ARC for Improvements to one particular Lot or Dwelling shall not be deemed an approval or otherwise obligate the ARC to approve similar plans and specifications or any of the features or elements for the Improvements for any other Lot or Dwelling within the Development.

(e) In the event the ARC fails to "approve", or "approved as noted", in writing any such proposed plans and specifications within forty-five (45) days after such plans and specifications have been submitted, then the plans and specifications so submitted will be deemed to have been disapproved.

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

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

5.06 Landscaping Approval. In order to preserve, to the extent practicable, the natural landscaping and plant life currently situated on the Property and in order to enhance the aesthetic appearance of the Property, no landscaping, grading, excavation or fill work of any nature shall be implemented or installed by any Owner, other than Developer, on any Lot or Dwelling unless and until landscaping plans therefor have been submitted to and approved by the ARC. The provisions of Section 5.05 above regarding the method that such plans are to be submitted to the ARC, the time for approval or disapproval of the same and the method of approving modifications or changes thereto shall be applicable to such landscaping plans.

5.07 Construction without Approval. If (a) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Lot or Dwelling without ARC approval of the plans and specifications for the same or (b) the ARC shall determine that any approved plans and specifications for any Improvements or the approved landscaping plans for any Lot or Dwelling are not being complied with, then, in either event, the Owner of such Lot or Dwelling shall be deemed to have violated these Covenants and the ARC shall have the right to exercise any of the rights and remedies set forth in Section 5.12 below.

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

5.09 Subsurface Conditions.

(a) The Property is located in an area which includes geological formations or conditions which may result in surface subsidence or sinkholes. Approval of the submitted plans and specifications by the ARC as herein provided shall not be construed in any respect as a representation or warranty of the ARC and/or the Developer and/or the Association to the Owner submitting such plans and specifications. It shall be the sole responsibility of the Owner to determine the suitability and adequacy of the surface and subsurface conditions of the Lot for the construction of any and all Dwellings or other Improvements thereon.

(b) Neither the ARC and its individual members, nor the Developer and its members and/or partners, agents and employees and the officers, directors, agents and employees of its members and/or partners, shall be liable to any Owner or Occupant, or the successors, assigns, licensees, lessees, employees and agents of any Owner or Occupant, for loss or damage on account of injuries to any parcel of the Property, to any buildings, Improvements, Dwellings or other structures now or hereafter located upon any parcel of the Property, or on account of any past or future injuries to any Owner, Occupant, or any other person in or upon any parcel of the Property, which are caused by, or arise as a result of soil and/or subsurface conditions, known or unknown (including, without limitation, underground mines or other geological formations or conditions) under or on the Property.

5.10 Limitation of Liability. Notwithstanding anything provided herein to the contrary, neither Developer, the ARC, the Association, nor any agent, employee, representative, member, shareholder, partner, joint venturer, officer or director thereof, shall have any liability of any nature whatsoever for any damage, loss or prejudice suffered, claimed, paid or incurred by any Owner on account of (a) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article V, (b) any defects, structural or otherwise, in any work done according to such plans and specifications, (c) the failure to approve or the disapproval of any plans, drawings, specifications or other data submitted by any Owner for approval pursuant to the provisions of this Article V, (d) the construction or performance of any work related to such plans, drawings and specifications, (e) bodily injuries (including death) to any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of any such Owner or Occupant, or any damage to any Dwellings, Improvements or the personal property of any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of such Owner or Occupant, which may be caused by, or arise as a result of any defect, structural or otherwise, in any Dwellings or Improvements or the plans and specifications therefor or any past, present or future soil and/or subsurface conditions, known or unknown (including, without limitation, underground mines, tunnels, sinkholes or other geological formations or conditions on or under

any Lot or Dwelling) and (f) any other loss, claim, damage, liability or expense, including court costs and attorneys' fees, suffered, paid or incurred by any Owner arising out of or in connection with the use and occupancy of any Lot or Dwelling or any Improvements situated thereon.

5.11 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in these Covenants to the contrary, Developer, its agents, employees, successors and assigns, shall have the right and option to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of Lots and/or Dwellings or the development of Lots, Dwellings, Common Areas and the Additional Property, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model Dwellings, all as may be approved by Developer from time to time; provided, however, that the location of any construction trailers of any assignees of Developer's rights under this Section 5.11 shall be subject to Developer's approval. The right to maintain and carry on such facilities and activities shall include, without limitation, the right to use Dwellings as model residences and as offices for the sale of Lots and/or Dwellings and for any related activities.

5.12 Enforcement and Remedies. In the event any of the provisions of this Article V are breached or are not otherwise being complied with in all respects by any Owner or Occupant or the respective family members, guest, invitees, agents, employees or contractors of any Owner or Occupant, then the ARC and the Association shall each have the right, but not the obligation, at their option to (a) enjoin any further construction on any Lot or Dwelling and require the removal or correction of any work in place which does not comply with the plans and specifications approved by the ARC for such Improvements and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to extinguish such violation or breach. All costs and expenses incurred by the ARC or the Association in enforcing any of the provisions of this Article V, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of nonconforming work, the completion of uncompleted work or in any judicial proceeding, together with any other costs or expenses incurred by the ARC or the Association in causing any Owner or such Owner's contractors, agents or invitees to comply with the terms and provision of this Article V, shall be paid by such Owner, shall constitute an individual Assessment to such Owner pursuant to Section 8.06 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 8.10 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the right and remedies of the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies which the ARC or the Association may exercise at law or in equity or any of the enforcement rights specified in Sections 6.37, 8.10, 11.01, 11.02 and 11.03 below.

5.13 Compliance Certification. The ARC or any authorized representative thereof shall, upon request and at such reasonable charges as may from time to time be adopted by the Board, furnish to an Owner a certificate in writing setting forth whether all necessary ARC approvals have been obtained and whether any Dwelling or Improvement has been constructed in accordance with the provisions of these Covenants. Any such approval shall not be construed in any respect as a representation or warranty of the ARC and/or Developer and/or the Association

that all applicable rules, regulations and requirements of all Governmental Authorities with respect to any such Lot or Dwelling have been fulfilled.

5.14 Construction Activity. Upon the approval by the ARC of plans and specifications for any Dwelling or Improvement on any Lot, construction may be commenced upon such Lot, pursuant to such approved plans and specifications. Any such construction must be continuously pursued to completion with reasonable diligence.

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

ARTICLE VI

USE AND DEVELOPMENT RESTRICTIONS

6.01 Use Restrictions. Except as otherwise provided to the contrary in Section 5.11 above, each Lot and Dwelling shall be used for single-family residential purposes only and, except as otherwise provided in this Section 6.01, no trade or business of any kind may be carried on in or from any Lot or Dwelling. Only one (1) main single-family detached residential dwelling, with customary accessory structures and other outbuildings approved by the ARC, pursuant to Section 6.02 below, and one (1) detached guest house or servants' quarters, containing no more than three thousand (3,000) square feet of Living Space, shall be allowed on any Lot. The use of any portion of a Dwelling as an office by an Owner and no more than three (3) additional employees shall not be considered a violation of this covenant provided such use does not create regular customer, client or employee traffic, and further provided any such use is in compliance with all applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof. The leasing or rental of a Dwelling for residential purposes only shall not be considered a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling, (b) is for a term of not less than one (1) year, unless a shorter term is approved by the ARC, and (c) is otherwise in compliance with the rules and regulations promulgated and published from time to time by the Association. Notwithstanding anything provided in this Section 6.01 to the contrary, the Property or any portion thereof, including, specifically, any Lots constituting any portion of the Property, may be used and developed for (i) any of the uses included in the definition of Common Areas and (ii) any uses permitted under applicable zoning ordinances affecting the Property; provided, however, that in the event any portion of the Property is to be developed or used for any purpose other than Common Areas or single-family residential purposes, then such use must be approved in writing by the ARC.

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

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

6.04 Building Setbacks.

(a) Subject to the provisions of Section 6.05 below, minimum building setback lines for all Dwellings shall be established either (i) by the ARC, (ii) on the recorded subdivision plat for the subdivision of which such Lot is included (which may vary for each phase of the Development), or (iii) in the deed from Developer to the Owner of such Lot, all in accordance with applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof.

(b) A buffer zone of fifty (50) feet containing absolutely undisturbed land, trees, undergrowth and other vegetation, is required on each side and rear Lot line. In the event that such buffer zone contains no major trees or is unsightly, the ARC may, in its sole discretion, consider a proposal for aesthetic improvements to such buffer zone. Such consideration will be extended on a Lot by Lot basis in the ARC's sole discretion. For purposes of this paragraph, the term "absolutely undisturbed" shall not include the removal of deadfall trees or remediation of any other unsafe condition within such buffer zone.

(c) No Dwellings shall be built within the setback areas established in Section 6.04(a) above. All eaves, steps, porches, terraces, decks, walks and patios shall be deemed a part of the Dwelling for the purposes of determining building setback areas pursuant to this Section 6.04.

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

6.06 Trees. No Owner, other than Developer, shall cut, remove or mutilate any tree, shrub, bush or other vegetation having a trunk diameter of six (6) inches or more, and located on any Lot prior to any construction or clearing activity on such Lot, without first obtaining the approval of the ARC; provided, however, that the foregoing shall not be deemed to prohibit the cutting and removal of any dead or diseased trees certified as such by the ARC nor shall the foregoing be deemed to release any Owner from the provisions of Sections 6.10 and 7.01 below.

6.07 Height Limitations. The height of all Dwellings shall be compatible with all other Dwellings adjacent to such Lot or Dwelling. No Dwelling shall exceed forty (40) feet in

height, as measured from the finished grade of the Lot on the front of the Dwelling facing a Development Road without ARC approval.

6.08 Minimum Living Space. Minimum Living Space requirements for the main structure of any Dwelling, exclusive of open porches and garages, shall be two thousand five hundred (2,500) gross square feet.

6.09 Maximum Living Space. Maximum Living Space requirements for the main structure of any Dwelling, exclusive of open porches and garages, shall be fifteen thousand (15,000) gross square feet. Maximum Living Space requirements for any detached guest house or servants' quarters shall be three thousand (3,000) gross square feet.

6.10 Landscaping.

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

(b) All front and side yards of each Lot shall be sodded with grass, unless approved by the ARC as a natural area or unless the same is landscaped with shrubbery, ground cover and/or other approved plant life. Cleared areas for the use of pasture land may be seeded.

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

(d) No hedge or shrubbery planting which obstructs sightlines of Development Roads shall be placed or permitted to remain on any Lot or Dwelling. The determination of whether any such obstruction exists shall be made by the ARC and/or any applicable Governmental Authority, whose determination shall be final, conclusive and binding on all Owners.

(e) No rocks or other substances shall be placed on any Lot as a front or side yard border or for the purpose of preventing vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. No bird baths, fountains, reflectors, statues, lawn sculptures, lawn furnishings, artificial plants, rock gardens, rock walls, bird houses or other fixtures and accessories shall be placed or installed within the front or side yards of any Lot or Dwelling if such would be visible from any Development Road without ARC approval.

(f) No vegetable, herb or similar gardens or plants shall be planted or maintained in the front yard of any Lot or Dwelling or in the rear (back) or side yards of any Lot or Dwelling if such would be visible from any Development Road without ARC approval.

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

(h) No Owner shall allow the lawn grass on his or her Lot or Dwelling to grow to any height so as to become unsightly or unkempt, as determined by the ARC. This restriction shall not apply to pasture grasses, if any, on any Lot.

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

6.11 Roofing.

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

(b) No solar or other energy collection panel, equipment or device shall be installed or maintained on any Lot or Dwelling, including, without limitation, the roof of any Dwelling, if such would be visible from any Development Road.

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

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

6.12 Exterior Lighting. All exterior lighting for Dwellings, including, without limitation, free standing lighting and utility (e.g., flood) lights attached to a Dwelling, must be approved by the ARC. Exterior lighting for tennis courts and/or swimming pools must also be approved by the ARC. In no event shall any exterior lighting plan generate at any Lot line light levels greater than the light of a full moon on a clear night, unless approved by the ARC.

6.13 Exterior Materials and Finishes.

(a) Approved exterior building material finishes for any Dwelling shall include brick, stone, stucco, solid wood siding (e.g., cedar, pine or other solid wood), and such other materials as may be approved by the ARC. All wood surfaces utilized on the exterior of any Dwelling shall be sealed, painted or stained. Prohibited exterior finish materials shall include particle board, plywood, metal, vinyl or any other type of pressed, laminated or fabricated siding, vertical siding, simulated brick or stone and any other materials as the ARC may from time to time determine.

(b) All brick, stonework and mortar, as to type, size, color and application, must be approved by the ARC. All exterior colors, including, without limitation, the color of all roof shingles, brick, stone, stucco, wood, trim, cornices, eaves, railings, doors and shutters shall be subject to ARC approval.

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

(d) All metal flashing, valleys, vents and gutters other than copper installed on a Dwelling shall be painted to blend with the color of the exterior materials to which it is adhered or installed.

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

6.15 Garages.

(a) No garage doors shall be visible from a Development Road, unless otherwise approved by the ARC. If approved by the ARC, any such garage door that is visible from a Development Road shall be kept closed at all times except when in use. Garage doors shall be constructed of such materials as are approved by the ARC. No garage shall be converted to any use other than for the parking of vehicles therein without the approval of the ARC.

(b) All automobiles or other passenger vehicles owned or used by the Owner or Occupant of any Dwelling and their respective family members shall be parked in garages to the extent garage space is available. The parking of vehicles in driveways is permissible, provided any such vehicle when parked is not visible from any Development Road.

6.16 Fences. No chain link, vinyl coated or wire fences shall be permitted within the Property except with regard to maintenance areas within the Common Areas, tennis courts approved by the ARC and those fences erected by Developer, unless approved by the ARC. Otherwise, the location, style, and type of materials utilized (including the color thereof) for all fences must be approved by the ARC. A standard fence detail shall be established by the ARC for all fencing which is visible from any Common Area, including any Development Road.

6.17 Windows, Window Treatments and Doors.

- (a) Reflective glass shall not be permitted on the exterior of any Dwelling. No after-market window tinting or glass coating shall be installed on any exterior windows of any Dwelling. No foil or other reflective materials shall be installed on any exterior windows or used for sunscreens, blinds, shades or other purposes on any Dwelling.
- (b) No aluminum or metal windows shall be utilized or installed on any Dwelling without the prior written approval of the ARC. Cantilevered bay windows are subject to the prior written approval of the ARC (which may require additional landscaping in front of such bay windows). Burglar bars or wrought iron doors shall not be permitted. No storm door or screen door shall be utilized or installed on any Dwelling without the ARC's prior written approval.
- (c) Appropriate window treatments shall be used on all windows. Sheets, bed linens, blankets and paper or plastic bags are not appropriate window treatments.

6.18 Mailboxes. Only one (1) mailbox shall be allowed on any Lot or Dwelling. All mailboxes shall be of the type, design, color and location as approved by the ARC. Mailboxes shall contain only the address of the Lot or Dwelling as approved by the ARC, but no further inscription, paintings, ornaments or artistry shall be allowed without ARC approval. In lieu of mailboxes, the Association will, if required by any Governmental Authority, provide within the Common Areas, and require all Owners' use of, a community mail center.

6.19 Utility Meters and HVAC Equipment. All electrical, gas, telephone and cable television meters shall be located at the side or rear of all Dwellings. All exterior heating, ventilating and air conditioning compressor units and equipment shall be located, to the extent practicable, at the side or rear of a Dwelling and, if the same are visible from any Development Road, such compressor units and equipment shall be screened from public by either walls or landscaping to be approved by the ARC. No window-mounted heating or air conditioning units or window fans shall be permitted.

6.20 Satellite Dishes and Antennae. Satellite dishes shall be allowed on any Lot or Dwelling with approval of the ARC as to placement and screening so as to minimize the visual impact of any such satellite dish. No radio or television antenna, radio receiver or other similar device or aerial shall be attached to or installed on any Lot or Dwelling or any other portion of the Property unless the same is contained entirely within the interior of a building or other structure, is not visible from any Development Road, any adjacent Lot or Dwelling, or as otherwise approved by the ARC. No radio or television signals or any other form of electromagnetic radiation or transmission shall be permitted to originate from any Lot or Dwelling which may interfere with the reception of radio or television signals within the Development; provided, however, that Developer shall not be prohibited from installing and operating any equipment necessary for antenna, cable television, security, mobile radio or similar systems within the Property.

6.21 Driveways.

(a) All portions of driveways visible from any Development Road shall be paved and constructed of asphalt. Chert, gravel and loose stone driveways are permitted beyond the point of visibility from the Development Roads to which they adjoin. Other materials (e.g., brick pavers, concrete) may be used but only if approved by the ARC.

(b) "Dry-stacked" stone headwall facings will be required at each crossing of a drainage swale at the driveway entrance into any Lot. Any such stone installation shall match the color, texture and stacking pattern of the stone on the walls at the entry to the Development, if applicable. In addition, any drainage swales receiving stone shall match the headwall facing stone.

(c) A standard landscaping treatment shall be established by the ARC for any driveways which intersect with any Development Road.

6.22 Outdoor Furniture, Recreational Facilities and Clotheslines.

(a) Any furniture placed, kept, installed, maintained or located outside a Dwelling shall, to the greatest extent practicable, be located so that the same shall not be visible from any Development Road.

(b) On any Lot or Dwelling, all children's toys, swing sets, jungle gyms, trampolines, and other outdoor and recreational equipment and appurtenances shall to the extent practicable, be located so that such are not visible from any Development Road.

(c) Free-standing playhouses and treehouses may be permitted but only upon ARC approval thereof, and if approved, shall be located so that such play houses and/or treehouses are not be visible from any Common Area, including any Development Road.

(d) Basketball backboards shall be located so as not to be visible from any Development Road, and shall otherwise be located on such Lot or Dwelling in a location approved by the ARC.

(e) Outside clotheslines or other outside facilities for drying or airing clothes shall be located so that such are not visible from any Development Road.

(f) Barbecue grills or other types of outdoor cooking equipment and apparatus shall not be visible from any Development Road.

(g) Bird feeders, wood carvings, plaques and other types of homecrafts shall not be visible from any Development Road.

6.23 Animals.

(a) Pets. No more than five (5) domesticated pets, such as dogs and cats (collectively "Pets") shall be allowed on any Lot. No Pet shall be allowed to make an unreasonable amount of noise or become a nuisance. No structure or area for the care, housing or confinement of Pets shall be constructed or maintained except at the rear of a Dwelling, and shall be constructed of materials and of a size approved by the ARC. No Pets shall be allowed to roam unattended within the Development. Each Owner shall be liable to the Association for the costs of repairing any damage to the Common Areas caused by the Pets of such Owner or Occupant. The Board shall have the right from time to time to promulgate rules and regulations governing the keeping of Pets within the Development, including the right to assess fines for violations of such rules and regulations.

(b) Farm Animals. Subject to the further provisions of this Section 6.23, and subject to the prior approval of the ARC, farm animals (other than hogs, pigs or swine of any type), including horses, cows, goats, sheep, rabbits, wildfowl or poultry of any kind (collectively "Farm Animals") may be kept or raised by any Owner upon any Lot designated by the Developer or the ARC as a Farm Animal Lot. No more than one (1) Farm Animal per cleared acre, except in the case of any new-born litter, may be kept on any Farm Animal Lot, except that rabbits, wildfowl or poultry may be kept at a higher ratio per cleared acre as approved by the ARC. No Farm Animals shall be kept on any Farm Animal Lot for breeding or commercial purposes. No Farm Animals shall be allowed to make an unreasonable amount of noise or become a nuisance. No structure or area for the care, housing or confinement of Farm Animals shall be constructed or maintained except at the rear of a Dwelling, and shall be constructed of materials and of a size approved by the ARC. No Farm Animals shall be allowed to roam unattended within the Development. Each Owner shall be liable to the Association for the costs of repairing any damage to the Common Areas caused by the Farm Animals of such Owner or Occupant. The Board shall have the right from time to time to promulgate rules and regulations governing the keeping of Farm Animals within the Development, including the right to assess fines for violations of such rules and regulations. Additional types of Farm Animals may be kept or raised by any Owner upon any Lot designated by the Developer or the ARC as a Farm Animal Lot upon prior ARC approval.

(c) Indemnification. Any Owner of any Farm Animal Lot who owns and keeps Farm Animals thereon shall indemnify and save and hold harmless and exonerate the Developer and the Association of and from all liability and loss for claims and demands whatsoever for any bodily injury, death, environmental contamination of water and/or soil, or property damage arising out of, incidental to or in whatever manner the same may be caused or occasioned by the owning and keeping of any such Farm Animals on any Farm Animal Lot.

(d) Insurance. Any Owner of any Farm Animal Lot who owns and keeps Farm Animals thereon shall further be required to procure, pay for and maintain in full force and effect at all times, at no expense to the Developer or the Association, a policy of liability insurance to be written by an insurer approved by the Developer and the Association and lawfully authorized to do business in the State of Alabama, in an amount not less than \$1,000,000, insuring against any claim, loss or damage arising from the owning and keeping of any Farm Animals by such Owner

upon any such Farm Animal Lot, including, but not limited to any environmental contamination of water and/or soil caused by such Farm Animals. Such policy shall (a) name the Developer and the Association as additional insureds, (b) be primary to any other insurance coverage maintained by the Developer or the Association, as applicable, and (c) expressly provide that the interest of each additional insured shall not be affected by any breach by the Owner or any other additional insured of any policy provision.

6.24 Trash, Rubbish and Nuisances.

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

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

6.25 Recreational Vehicles and Machinery and Equipment.

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

permitted by the Association, be utilized for the parking or storage of any of the foregoing vehicles, recreational vehicles, machinery or equipment.

(b) Each Lot or Dwelling shall provide for adequate off-street parking (i.e., parking areas located solely within the property lines of such Lot or Dwelling). Vehicles shall be parked only in driveways constructed in accordance with the provisions of Section 6.21 above, provided any such vehicle when parked is not visible from any Development Road, or in garages constructed in accordance with the provisions of Section 6.15 above. Vehicles shall not be parked on any landscaped or natural areas of a Lot or Dwelling.

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

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

6.26 Signage. No signs or advertising posters of any kind shall be maintained or permitted within any windows or on the exterior of any Lot or Dwelling or elsewhere on any portion of the Property without the express written permission of the ARC and except as permitted by applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof. The ARC may promulgate rules, regulations and standards for the use and design of any sign to be posted within the Property, including but not limited to, name and address signs and the signs referred to in Section 6.29(c). Notwithstanding the foregoing, (a) the restrictions set forth in this Section 6.26 shall not be applicable to Developer or to any signs erected pursuant to Section 6.29(c) below and (b) Developer and the Association shall have the right, but not the obligation, to erect and maintain reasonable and appropriate signs on any portions of the Common Areas and within those easement areas established in Section 3.07 above.

6.27 Tanks and Wells. No exposed above-ground tanks for the storage of fuel, water, Farm Animal feed or any other substances shall be located on any Lot or Dwelling or within any of the Common Areas. Underground tanks for the storage of propane gas to service a Lot or Dwelling will be permitted if approved by the ARC.

6.28 Temporary Structures; Dog Houses. No temporary house, trailer, shack, tent, barn, shed, stable, poultry house or yard, rabbit hut, temporary or portable toilet (except as

provided in Section 6.29(a)(iv) below), treehouse or other outbuilding or structure of any kind shall be permitted, constructed, installed or allowed to remain on any Lot or Dwelling; provided, however, that the foregoing shall not be deemed to prohibit (a) temporary structures for social functions as may be permitted by the rules and regulations of the Board of the Association, (b) any detached garages or other structures which are approved in writing by the ARC, (c) dog houses for not more than five (5) dogs so long as such dog houses are visibly screened from view from all Development Roads and adjacent Lots or Dwellings, and (d) construction trailers and/or sales offices erected or placed on any part of the Property by Developer pursuant to Section 5.11 above.

6.29 Construction of Improvements.

(a) During the construction of any Improvements or Dwelling, (i) all Lots and Dwellings shall be maintained in a clean condition, free of debris and waste material, (ii) all unused construction materials shall be stored, to the extent practicable, out of view from any Development Road, (iii) all construction trash, debris and rubbish on each Lot shall be properly disposed of outside the Property at least weekly, and (iv) any temporary or portable toilet will be placed out of view from any Development Road. Used construction materials shall not be burned on-site. In no event shall any used construction materials be buried on or beneath any Lot or Dwelling or any other portion of the Development. No Owner shall allow dirt, mud, concrete, gravel or other substances to collect or remain on any Development Road. Each Owner and each Owner's contractor, subcontractors, laborers and suppliers shall cause all such dirt, mud, concrete, gravel and other substances to be removed from the treads, wheels and concrete unloading chutes of all vehicles used in or related to the construction of Improvements on a Lot or Dwelling prior to such vehicles traveling on any Development Roads. All costs associated with the clean-up of any Lot shall be the responsibility of the Owner of such Lot.

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

(c) Up to two (2) signs, in size and color to be approved by the ARC, may be posted on a Lot at a height not to exceed five (5) feet from the ground level advertising the Lot or the Dwelling thereon for sale or, during the construction of such Dwelling, containing information identifying the builder of such Dwelling. No other signage, banners, flags or advertising posters shall be allowed without obtaining ARC approval. The location of such signage shall be established by the ARC but in no event shall any signage authorized by this Section 6.29 or which may be approved by the ARC be attached, nailed or otherwise adhered to any tree or other plant life on a Lot or Dwelling.

(d) No construction trucks, equipment or machinery, including any trailers used for the transportation of construction equipment or machinery, shall be parked on any Development

Roads. Upon completion of construction of any Improvements or any Dwelling, all construction machinery, tools and equipment, all unused construction materials and all trash, debris and rubbish shall be immediately removed from the Lot or Dwelling and such Lot or Dwelling shall be kept and maintained in a clean and uncluttered condition.

(e) All Dwellings and any other Improvements shall be constructed in compliance with the Architectural Standards; all applicable federal, state, county and local laws, ordinances, rules, regulations; and zoning and building code requirements. Each Owner shall be solely responsible for obtaining from the appropriate Governmental Authorities all necessary permits and licenses and otherwise paying all required fees for the construction of any Improvements on such Owner's Lot. Each Owner shall also be responsible for strict compliance with the Architectural Standards and all applicable watershed protection, soil erosion and other governmental requirements, both during and after completion of construction of any Improvements on such Owner's Lot. Once any such construction has commenced, it shall be continuously and diligently pursued to completion in accordance with the plans and specifications approved by the ARC.

(f) When any Owner submits to the ARC plans and specifications for construction of a Dwelling, in accordance with Section 5.05 above, the name of the building contractor selected by such Owner for construction of such Dwelling shall also then be submitted to the ARC; however, if the identity of the building contractor is not known at that time, then the name of the building contractor will be submitted when determined prior to construction. The ARC shall have the right, in its sole discretion, to approve or disapprove of any building contractor so selected by such Owner. Each building contractor approved by the ARC in accordance with this Section 6.29(f) will be required to remit to the ARC a refundable damage/clean up deposit (the "Deposit") in an amount established by the Association or the ARC. Should such building contractor damage or fail to properly clean up the Property or Common Areas as required herein, or any supplemental rules and regulations promulgated by the ARC, the ARC may, in its sole discretion, initiate appropriate action to remediate any such condition at such building contractor's expense. The cost of any such remediation shall be deducted from the Deposit and any amount expended by the ARC in excess of the Deposit in remediating such condition shall be billed to such building contractor. Within thirty (30) days of the completion of such Dwelling (as evidenced by the issuance of the certificate of occupancy), the ARC shall refund to such building contractor any unexpended portion of the deposit.

6.30 Subdivision and Interval Ownership. No Lot may be subdivided or resubdivided without the prior written approval of the ARC. No Lot or Dwelling shall be sold or owned under any time-sharing, time-interval or similar right-to-use programs.

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

courts and/or swimming pools must also be approved by the ARC. In no event shall any such exterior lighting generate at any Lot line light levels greater than the light of a full moon on a clear night, unless approved by the ARC.

6.32 Traffic Regulations.

(a) Adoption and Enforcement. All vehicular traffic on the Development Roads shall be subject to the applicable provisions of the laws of the state of Alabama and any other city or county having jurisdiction thereof concerning operation of motor vehicles on public streets. The Association is hereby authorized to promulgate, administer, and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including adopting reasonable safety measures and speed limits for any of the private roads within any portion of the Development. The Association may request or take such action as may be required to compel any appropriate Governmental Authority to enforce public traffic laws on private roads, including, without limitation, the Development Roads. The Association shall be entitled to enforce such rules and regulations by establishing such enforcement procedures as it deems appropriate, including levying fines for the violation thereof. In the event of any conflict between the provisions of the laws of the State of Alabama and the traffic rules and regulations promulgated by the Association, the more restrictive shall govern.

(b) Operation of Motor Vehicles. Only insured drivers licensed to operate motor vehicles by the State of Alabama or by any other state in the United States may operate any type of motor vehicle within the Development. All vehicles of any kind and nature which are operated on the Development Roads shall be operated in a careful, prudent, safe and quiet manner, and with due consideration for the rights of all residents of the Development.

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

6.34 Additional Regulations. In addition to the restrictions set forth in these Covenants, the (i) ARC shall have the right, in its sole discretion, from time to time and at any time to adopt, modify and amend the Architectural Standards in order to impose such other, further or different requirements or restrictions which shall be binding on all Owners, Lots and Dwellings, including the adoption of additional or more specific requirements and restrictions governing the improvement and use of any Lot or Dwelling and (ii) the Association shall have the right from time to time and at any time to adopt, modify and amend such rules and regulations as the Association, in its sole discretion, determines to be in the best interests of all Owners, which rules and regulations shall be binding on all Owners, Lots and Dwellings.

6.35 Lake Lots. Any Lake Lot, as depicted on the above-referenced recorded plats (other than any Lot abutting on Smyer Lake, Hollybrook Lake, Upper Big Pine Lake and/or Lower Big Pine Lake), is and shall be held, transferred, sold, conveyed, and occupied subject to the following additional covenants, conditions, and restrictions:

(a) Use of Lake. Occupants of Lake Lots shall have a nonexclusive right and privilege of and easement for using the Lake for such activities as boating and fishing, provided that such right and privilege shall be exercised reasonably and with due regard to the rights of others to use the Lake, as provided by this Amendment. The easement, rights, and privileges granted herein are and shall be permanent and perpetual and are appurtenant to and shall pass and run with title to each Lake Lot.

(b) Watercraft Limitations. No more than one (1) watercraft may be owned, kept on a Lake Lot, and used in connection with the Lake at a given time. No watercraft in excess of sixteen (16) feet in length shall be permitted on the Lake, and no motors shall be used on watercraft except electric trolling motors.

(c) Bulkheads, Piers, and Docks. No Owner of any Lake Lot shall construct any manner of bulkhead, pier, or dock on or in such Owner's Lake Lot or the Lake.

(d) Building Setback. Notwithstanding any requirements to the contrary contained herein, but subject to the absolute discretion of the ARC, the minimum building setback from the Lake shall be seventy five (75) feet.

(e) Water Level Fluctuations. By acceptance of a Lake Lot deed, each Owner of a Lake Lot acknowledges that the water level of the Lake is subject to significant fluctuations and that portions of the Lake Lots may from time to time be flooded and that from time to time the level of the Lake may be too low to accommodate recreational uses. Neither Developer nor the Association shall have any responsibility whatsoever for maintaining the Lake at any particular or certain water level.

(f) Pollution of Lake. No Occupant shall discharge, deposit or throw, or cause, allow or permit to be discharged, deposited or thrown into the Lake any trash, garbage, rubbish, waste, or hazardous substance. Any Occupant who shall discharge, deposit or throw, or cause, allow or permit to be discharged, deposited or thrown into the Lake any trash, garbage, rubbish, waste, or hazardous substance (i) shall take such remedial action therefor as Developer or the Association may require, in its sole discretion, and shall be solely responsible for the costs and expenses of such remedial action and (ii) shall indemnify and hold harmless Developer and the Association from any and all costs, expenses, loss, injury, damage, or claim, including attorneys' fees, resulting therefrom.

(g) Release of Developer. By acceptance of a Lake Lot deed, each Owner of a Lake Lot releases and covenants and agrees not to claim any damages from Developer or the Association in connection with or on account of any injuries or damages resulting from the use of the Lake by any Occupant of the Owner's Lake Lot and further agrees to hold Developer and the Association harmless from any and all claims or damages, including reasonable attorney fees and expenses, relating to the use of the Lake by any Occupant of the Owner's Lake Lot. Neither Developer nor the Association shall have any responsibility whatsoever to insure the safety of any Occupant, or any other person, in the use of the Lake, and each Occupant, or any other person, who shall use Lake shall do so at his or her own risk.

(h) **Rules and Regulations.** Developer may from time to time prescribe rules and regulations concerning the use of the Lake, which rules and regulations shall apply to and be binding upon the Occupants of Lake Lots.

(i) **Access to Lake Lots.** Developer may, in its sole discretion, permit the use of the Lake by the Occupants of other Lots lying within the Development, on terms and conditions established by Developer. Access to the Lake by such Occupants shall be over and through land owned by Developer or the Association, and designated therefor, and any permission to use the Lake granted by Developer to such other Occupants shall in no way imply any easement over or through the Lake Lots. Any Occupants of other Lots permitted by the Developer to use the Lake shall hold Developer and the Association harmless from any and all claims or damages, including reasonable attorney fees and expenses, relating to the use of the Lake by such Occupant.

6.36 Use of Firearms, Hunting. The use of or discharge of firearms on the Property is prohibited, except by certified peace officers, game wardens or animal control officers. Hunting of any kind or by any method, including but not limited to firearms, traps, snares, bow and arrows, or manually propelled missiles, is also prohibited on the Property.

6.37 Enforcement and Remedies. In the event any of the provisions of this Article VI are breached or are not otherwise being complied with in all aspects by any Owner or Occupant or the respective family members, guests, invitees, agents, employees or contractors of any Owner or Occupant, then the Association or the ARC shall each have the right, but not the obligation, at their option, to (a) enjoin such violation or noncompliance and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to extinguish or correct such violation or breach. All costs and expenses incurred by the ARC or the Association in enforcing any of the provisions of this Article VI, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of any noncompliance or the removal of such violation or in any judicial proceeding, together with any other costs or expenses incurred by the ARC or the Association in connection therewith, shall be paid by such Owner who has violated or breached any of the provisions of this Article VI, shall constitute an individual Assessment to such Owner pursuant to Section 8.06 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 8.09 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the rights and remedies of the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies which the ARC or the Association may exercise at law or in equity or any of the enforcement rights specified in Sections 5.12, 6.23, 6.24(a), 6.32, 6.37, 7.02(b), 8.06, 8.10 and 11.01 below. The ARC, at its option and in its discretion, may delegate to the Association any of its respective enforcement rights set forth in these Covenants.

6.38 Variances. The ARC, in its sole and absolute discretion, shall have the exclusive right to grant variances and exceptions with respect to the provisions of Article V above and this Article VI with respect to any Lot or Dwelling. Any request for a variance or exception submitted to the ARC shall be in writing and, upon approval of the same by the ARC, shall be evidenced by a written document executed by either the chairman or any other

appropriate officer of the ARC. The provisions of Section 5.03 above concerning meetings, a quorum of members and the number of votes necessary to approve action taken by the ARC shall be binding upon the ARC in any matters regarding the granting of variances.

ARTICLE VII

MAINTENANCE RESPONSIBILITIES

7.01 Responsibilities of Owners.

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

(b) Each Lot or Dwelling, as the case may be, shall be landscaped in accordance with plans and specifications submitted to and approved by the ARC pursuant to Section 5.06 above. All areas of any Lot or Dwelling which are not improved by the construction of a Dwelling thereon or designated on the landscaping plan as "natural areas" shall at all times be maintained by the Owner in a fully and well kept landscaped condition utilizing ground cover and/or shrubbery and trees. The maintenance obligations set for in this Section 7.01(b) shall apply to all portions of a Lot or Dwelling up to the edge of the pavement of any Development Road abutting such Lot or Dwelling at all times, either prior, during or after the construction of any Improvements thereon. Grass, hedges, shrubs, vines and any other vegetation of any type on any Lot shall be cut and trimmed at regular intervals at all times in order to maintain the same in a neat, safe and attractive condition. Trees, shrubs, vines, plants and other vegetation which die shall be promptly removed and replaced with living plants of like kind and quantity. Dead vegetation, stumps, weeds, rubbish, debris, garbage and waste material shall be promptly removed from any Lot or Dwelling and properly disposed of outside of the Development.

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

(d) It shall also be the responsibility of each Owner of a Lot or Dwelling to maintain in good repair and working order and in a sanitary condition any septic tank system installed on such Lot or Dwelling. By acceptance of a deed to a Lot, each Owner agrees to indemnify and hold harmless the Developer and the Association from any and all liability associated with the use, maintenance and operation of a septic tank system on such Lot, including without limitation, any environmental contamination of water or soil resulting, directly or indirectly, therefrom.

7.02 Responsibilities of Association.

(a) Except as may be otherwise provided herein to the contrary, the Association shall maintain and keep in good repair and condition all portions of the Common Areas, which responsibility shall include the maintenance, repair, upgrade, improvement and replacement of (i) Development Roads, walks, trails, paths, walkways, bicycle, horseback riding, and jogging paths and lanes, parking lots, street lights, landscaped areas, recreational areas and other improvements made by Developer or the Association within any of the Common Areas or within any of the easements encumbering the Lots or Dwellings as provided in Sections 3.04 through 3.09, inclusive, above, (ii) such limited access systems and facilities, entrance gates and utility lines, pipes, plumbing, wires, conduits and related systems, in Developer's sole discretion, appurtenances, equipment and machinery which are a part of the Common Areas and which are not maintained by a public authority, public service district, public or private utility, or other person (iii) all lawns, trees, shrubs, hedges, grass and other landscaping and all lakes and ponds situated within or upon the Common Areas and (iv) all retention lakes, ponds and other water areas and facilities constructed by Developer or the Association wherever located (either within or outside of the Development so long as the same are utilized for the benefit of the Development), as may be necessary or otherwise required by any Governmental Authority. The Association shall not be liable for injuries or damage to any person or property (1) caused by the elements, acts of God or any Owner or other person, (2) resulting from any surface or subsurface conditions which may at any time affect any portion of the Property caused by rain or other surface water which may leak or flow from any portion of the Common Area onto a Lot or Dwelling or (3) resulting from thief, burglary or other illegal entry into the Property, any Lot or Dwelling thereof. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken by or performed by the Association hereunder or for inconvenience or discomfort arising from the making of Improvements or repairs which are the responsibility of the Association or from any action taken by the Association to comply with any requirements of any Governmental Authorities.

(b) In the event that the Board determines that (i) any Owner has failed or refused to discharge properly his, her or its obligations with regard to the maintenance, cleaning, repair or replacement of items for which he, she or it is responsible hereunder or (ii) any maintenance, cleaning, repair or replacement for which the Association is responsible hereunder is caused by the willful or negligent act of an Owner or Occupant, or their respective family members, guests, servants, employees, invitees or contractors, and the costs of such maintenance, cleaning, repair or replacement are not paid in full from insurance proceeds, if any, received by the Association with respect thereto, then, in either event, the Association, in addition to the exercise of any of its

rights and remedies set forth in these Covenants, may give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair or replacement, at the sole cost and expense of such Owner and setting forth in reasonable detail what action is deemed necessary. Except in the event of emergency situations, such Owner shall have fifteen (15) days within which to complete the same in a good and workmanlike manner or, if the same is not capable of completion within such fifteen (15) day period, to commence such maintenance, cleaning, repair or replacement and to proceed diligently with the completion of the same in a good and workmanlike manner. In the event of emergency situations or the failure by any Owner to comply with the provisions hereof after such notice, the Association may provide (but shall not be obligated to provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner and said cost shall be a personal obligation of such Owner, shall constitute an individual Assessment to such Owner, and shall be subject to the lien and foreclosure rights granted pursuant to Section 8.10 below.

ARTICLE VIII

COMMON AREA ASSESSMENTS

8.01 Assessments and Creation of Lien. Each Owner of a Lot or Dwelling, by acceptance of a deed or other instrument conveying any interest therein, regardless of whether such deed or instrument contains a reference to these Covenants, is hereby deemed to covenant and agree to pay to the Association: (a) annual Assessments, as established and to be collected as provided in Section 8.04 below, (b) Special Assessments, to be established and collected as provided in Section 8.05 below, and (c) individual Assessments against any particular Lot or Dwelling which are established or assessed pursuant to the terms of these Covenants, including, but not limited to any fines or costs as may be levied or imposed against such Lot or Dwelling in accordance with the provisions of Sections 5.12, 6.23, 6.24(a), 6.29(f), 6.32, 6.37, 7.02(b), 8.09 and 11.01 hereof. All Assessments, together with late charges and interest as provided in Section 8.10(a) below, and all court costs and attorneys' fees incurred by the Association to enforce or collect such Assessments, shall be an equitable charge and a continuing lien upon each Lot or Dwelling for which the Owner thereof is responsible for the payment of the same, which lien may be enforced in the manner provided in Section 8.10(c) below. Each Owner shall be personally liable for the payment of all Assessments coming due while he, she or it is the Owner of any Lot or Dwelling and such Owner's grantee shall take title to such Lot or Dwelling subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his, her or its grantor any amounts paid by such grantee to the Association which were the legal obligations of such grantor. All Assessments, together with late charges and interest at the Applicable Rate, as specified in Section 8.10(a) below, court costs and attorneys fees incurred with respect thereto by the Association, shall also be a personal obligation of the person who was the Owner of the Lot or Dwelling at the time such Assessments and other costs and charges were assessed or incurred. In the event of co-ownership of any Lot or Dwelling, all of the co-Owners shall be jointly and severally liable for the entire amount of such Assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Association. All Assessments shall be payable in all events without offset, diminution or abatement by reason of fire or other casualty or any taking as a result of, in lieu of or in

anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof with respect to any Lot, Dwelling or Common Area or any other portion of the Development or any other cause or reason of any nature.

8.02 Purpose of Assessments. The annual Assessments and Special Assessments provided for herein shall be used for the payment of Common Expenses and for the general purposes of promoting the recreational, health, education, safety, welfare, common benefit and enjoyment of the Owners and Occupants of the Property, and otherwise for the general upkeep and maintenance of the Development, including, but not limited to, the Common Areas and any Improvements thereto, all as may be more specifically authorized from time to time by the Association.

8.03 Uniform Rate of Assessments.

(a) Both annual Assessments and Special Assessments, as described in Section 8.04 and 8.05 below, shall be assessed against each Lot or Dwelling in the Development at a uniform rate, with the Owner of each Lot or Dwelling being required to pay his or her pro rata portion of such annual Assessment and/or Special Assessments, as determined by a fraction, the numerator of which shall be one and the denominator of which shall be Developer's projected total number of lots and Assessment dwellings in the Development, in Developer's sole discretion, but in no event shall the denominator be less than twenty-six (26). Each Lot and Dwelling shall be subject to equal annual Assessments and Special Assessments.

(b) Notwithstanding anything provided in Section 8.03(a) above to the contrary, in the event any Additional Property is added to the Property, then the lots and/or dwellings within the Additional Property shall be subject to the same annual Assessments or Special Assessments then being paid by the Owners of all Lots and Dwellings in the Development, subject to proration as provided in Section 8.09 below.

8.04 Computation of Annual Assessments.

(a) Commencing with the fiscal year of the Association which begins on January 1, 2001 (i.e., from January 1, 2001 through December 31, 2001) and annually thereafter, the Association shall determine and adopt annually an annual budget covering the estimated Common Expenses for the Development for the upcoming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The amount set forth in such budget shall constitute the aggregate amount of annual Assessments for the then applicable year and each Owner shall pay his or her pro rata share of the same as provided in Section 8.03 above. A copy of the budget setting forth the amount of annual Assessments to be levied against the Lots and Dwellings for the following year shall be delivered by the Association to each Owner.

(b) If any budget or the amount of annual Assessments collected by the Association at any time proves to be inadequate or insufficient for any reason to fully pay all costs and expenses of the Association and all Common Expenses, then the Board may call a meeting of the

Association for the purpose of approving Special Assessments as provided in Section 8.05 below. If the actual amount of annual Assessments collected in any one year exceeds the actual costs incurred for Common Expenses for such year, the excess shall be retained by the Association as a reserve for subsequent years' Common Expenses.

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

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

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

(iii) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by these Covenants, including, without limitation, public liability coverage and such other insurance coverage as the Board determines to be in the best interest of the Association, including errors and omissions insurance; directors and officers liability insurance and any other liability insurance coverage for the benefit of the Association, the members of the Board, any officers, employees, agents or representatives of the Association or for any of the members of the ARC;

(iv) The expenses of maintaining, operating and repairing any other amenities and facilities serving the Development which the Association or the Board determines from time to time would be in the best interest of the Owners and the Development to so maintain, operate and/or repair, including but not limited to any limited access facilities, such as electrically-monitored gates, guardhouses and any related improvements, and the expenses of a guard or guards for the Development;

(v) The expenses of the ARC attributable to the Development which are not defrayed by applicable plan review charges;

(vi) The costs and expenses for conducting social, recreational, cultural or other related programs for the benefit of the owners and occupants of the Development;

(vii) All other fees, costs and expenses incurred by the Association in accordance with the terms and provisions of these Covenants or which the Board, subject to the prior written approval of the Association, determines to be appropriate to be paid by the Association, including, without limitation, taxes and governmental charges not separately assessed against Lots or Dwellings;

(viii) The establishment and maintenance of a reasonable reserve fund or funds (1) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (2) 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;

(ix) The utility charges for any utilities serving any of the Common Areas and charges for other common services for the Development, including, without limitation, trash collection and limited access services;

(x) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by these Covenants;

(xi) The expenses of maintaining, operating, repairing, upgrading, improving and replacing any portions of the Common Areas, including, without limitation, roads comprising Common Areas within the Development and the Development Roads, which maintenance, upgrade, improvement and repair obligation shall include mowing, landscaping, seeding, cleaning, trash pick-up and removal, paving, repaving, striping and patching all such roadways comprising Common Areas and the Development Roads, and any upgrade or improvement of any intersection of the Development Roads and any other street or highway undertaken by Developer pursuant to Section 3.01(b) above;

(xii) All ad valorem real and personal property taxes assessed and levied upon any of the Common Areas; and

(xiii) The funds necessary for the establishment and maintenance of a fund to be used for the expenses of inspection maintenance, repair and replacement of the Common Areas and the erosion controls serving the Development, as required in any applicable watershed protective covenants.

(d) Developer's initial capital costs of constructing the Development Roads and other Common Areas are specifically hereby excluded from the Common Expenses.

8.05 Special Assessments. In addition to the annual Assessments authorized in Section 8.04 above and the special Assessments authorized in Section 9.01(b) and 9.03(a) (i) below, the Board of the Association, subject to prior written approval of the Association, may levy in any year special Assessments for Common Expenses or any extraordinary costs incurred by the Association (such special Assessments together with the special Assessments authorized in Section 9.01(b) and 9.03(a)(i) below, are sometimes herein collectively referred to as the "Special Assessments"); provided, however, that any such Special Assessments (other than Special Assessments levied pursuant to Section 9.01(b) and 9.03(a) (i) below) shall be approved by a majority of the votes of the Owners who are voting in person or by proxy at the meeting called for the purpose of adopting Special Assessments pursuant to the provisions of Section 8.08 below. If Developer owns any Lot or Dwelling within the Development at the time of such meeting, then, in addition to the majority vote of the Owners, any such Special Assessment shall also require Developer's consent. The Board may make such Special Assessments payable in one lump sum or in installments over a period of time which may, in the Board's discretion, extend beyond the then fiscal year in which said Special Assessments are levied and assessed.

Special Assessments shall be levied against and payable by each Owner in accordance with the provisions of Section 8.03 above.

8.06 Individual Assessments. Any expenses of the Association which, in the opinion of the Association, is occasioned either (a) by the conduct of less than all of the Owners or (b) by an Owner or Occupant, (c) by the respective family members, agents, guest, servants, employees, invitees or contractors of any Owner or Occupant, (d) by the topography, geography or landscaping of less than all of the Lots or Dwellings or (e) by any other circumstance unique to a Lot or Dwelling, shall be specially assessed against such Owners and their respective Lots or Dwellings. The individual Assessments provided for in this Section 8.06 shall be levied by the Board and the amount and due date of such Assessment shall be specified by the Board in a notice to such Owner or in the annual budget adopted annually by the Association pursuant to Section 8.04(a) of the Covenants, as determined by the Board. The provisions of this Section 8.06 shall apply, without limitation, to any individual Assessments levied pursuant to Sections 5.12, 6.23, 6.24(a), 6.32, 6.37, 7.02(b), and 11.01 hereof.

8.07 Allocation of Assessments. All funds collected by the Association through annual Assessments, Special Assessments and individual Assessments shall be retained by the Association.

8.08 Notice of Meetings and Quorum.

(a) Written notice of each annual meeting of the Association shall be sent to all Owners not less than ten (10) days nor more than fifty (50) days in advance of such meeting. With respect to annual meetings, the presence in person or by proxy of Owners entitled to cast over 50% of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, except as hereinafter provided, but the required quorum at the subsequent meeting shall be the presence in person or by proxy of Owners entitled to cast at least one-third (1/3) of the total votes of the Association. Any notice for any such subsequent meeting shall state that the necessary quorum therefor shall be one-third (1/3) of the total votes of the Association present in person or by proxy. At such time as a quorum is obtained, the vote of a majority of the Owners who are voting in person or by proxy at such meeting shall be required to approve any matter in which all of the members of the Association are entitled to vote.

(b) Written notice of any meeting of the Association other than an annual meeting shall be sent to all Owners not less than five (5) days nor more than twenty (20) days in advance of such meeting. With respect to any such other meeting of the Association, including, specifically, meetings pursuant to which Special Assessments are to be levied upon each Lot or Dwelling pursuant to Section 8.05 above, there shall be no specific requirement establishing a quorum and the vote of a majority of the Owners who are voting in person or by proxy at any such special meeting shall be binding on all of the members of the Association.

8.09 Date of Commencement of Assessments. The annual Assessments provided for herein shall commence as to each Lot or Dwelling on the day on which such Lot or Dwelling is conveyed to a person other than Developer and shall be due and payable in such manner and on

such schedule as may be established from time to time by the Board. Annual Assessments and any outstanding Special Assessments shall be adjusted for each Lot or Dwelling according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such Lot or Dwelling is conveyed. Annual Assessments and Special Assessments for lots and dwellings within any portion of the Additional Property hereafter submitted to the terms of these Covenants, or any other portion of the Property, shall commence with respect to each such lot or dwelling on the date on which such lot or dwelling is conveyed to a person other than Developer, subject to proration and adjustment according to the number of months then remaining in the fiscal year of the Association and number of days then remaining in the month in which such Assessments commence. For so long as Developer is the owner of any portion of the Property, or until such earlier date as Developer may elect, in Developer's sole discretion, Developer shall have the option to either pay annual Assessments on lots or dwellings owned by Developer in the Property or advance any deficits which may exist between the total amount of annual Assessments assessed to all other Owners and the actual costs incurred by the Association for Common Expenses for the Development. At such time as Developer no longer has any interest in any portion of the Development, Developer shall have no further obligation of any nature to pay any Assessments or otherwise fund any deficits relating to the Common Expenses.

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

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

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

(i) The Association may commence and maintain a suit at law against an Owner to enforce such charges and obligations for Assessments and any such judgment rendered in any such action shall include the late charge and interest at the Applicable Rate, as specified in Section 8.10(a) above, together with attorneys' fees, court costs and

all other expenses paid and incurred by the Association in collecting such unpaid Assessments; and/or

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

(c) There is hereby created a continuing lien on each Lot and Dwelling, with power of sale, which secures the payment to the Association of any and all Assessments levied against or upon such Lot or Dwelling, all late charges and interest at the Applicable Rate assessed pursuant to Section 8.10(a) above and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting any Assessments. If any Assessments remain unpaid for more than sixty (60) days, then the Association, through its Board or any officer or authorized representative thereof, may, but shall not be obligated to, make written demand on such defaulting Owner, which demand shall state the date and amount of delinquency. Each default shall constitute a separate basis for a demand and claim of lien, but any number of defaults may be included in a single demand. If such delinquency is not paid in full within ten (10) days after the giving of such demand or, even without giving demand, the Association may file a claim of lien and perfect its lien against the Lot or Dwelling of such delinquent Owner, which claim shall be executed by any member of the Board of the Association or any officer of the Association, contain the following information and be recorded in the Probate Office of Shelby County, Alabama:

(i) The name of the delinquent Owner;

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

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

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

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

Owner personally for the collection of all amounts due from such Owner, (3) expressly waive any objection to the enforcement and foreclosure of the lien created herein and (4) expressly waive the defense of the statute of limitations which may be applicable to the commencement of any such suit or action for foreclosure.

8.11 Subordination of Lien. Notwithstanding anything provided herein to the contrary, the lien for Assessments and other charges authorized herein with respect to any Lot or Dwelling in the Development is and shall be subordinate to the lien of any Mortgage held by an Institutional Mortgagee, but only to the extent that the Mortgage held by any such Institutional Mortgagee is recorded in the Probate Office of Shelby county, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 8.10(c) above. When an Institutional Mortgagee exercises its foreclosure rights provided in its Mortgage and acquires title to or sells to a third party its interest in any Lot or Dwelling, then such Institutional Mortgagee or its purchaser or transferee at such foreclosure sale shall (a) not be liable for any Assessments or other charges incurred prior to the date of transfer or acquisition of title by foreclosure so long as the Mortgage held by such Institutional Mortgagee was recorded in the Probate Office of Shelby County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 8.10(c) above, but (b) be liable for all Assessments other charges levied, assessed or incurred with respect to such Lot or Dwelling from and after the date of such foreclosure sale. The foregoing shall not relieve any Owner whose Lot or Dwelling has been foreclosed from the personal obligation to pay all Assessments and any other charges levied, assessed or incurred by the Association, and the Association shall have the right to pursue all rights and remedies against a defaulting Owner notwithstanding the foreclosure of a Mortgage by an Institutional Mortgagee on such Owner's Lot or Dwelling.

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

ARTICLE IX

CASUALTY, CONDEMNATION AND INSURANCE

9.01 Damage or Destruction to Common Areas.

(a) In the event of any damage or destruction to any of the Common Areas by fire or other casualty, then, subject to the terms and provisions of this Article IX, the Association shall promptly repair, replace and restore the damaged portions of the Common Areas to the condition to which they existed immediately prior to such fire or other casualty.

(b) Notwithstanding anything provided in Section 9.01(a) above, in the event the amount of insurance proceeds, if any, recovered as a result of such damage or destruction is insufficient to fully repair, replace and restore the damaged portions of the Common Areas, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, then the Board may levy a Special Assessment against all Owners, without the necessity of a vote of the Owners approving or disapproving the same pursuant to Section 8.05 or 8.08 above, which such Special Assessments shall be in an amount sufficient to provide funds to pay a proportionate share of the remaining costs necessary to repair, replace or restore the Common Areas to the condition as existed immediately prior to such fire or other casualty. Such proportionate share shall be determined by a fraction, the numerator of which shall be the total area of the Property and the denominator of which shall be the total area of the Development. Such Special Assessments shall be levied against each Lot or Dwelling equally as provided in Section 8.03 above. Further Special Assessments may be made by the Board on a proportionate share basis, as described above, without the necessity of a vote of the Owners approving or disapproving the same at any time during or upon completion of any such repair, replacement or restoration of the Common Areas if funds are insufficient to cover the costs of such repair or restoration. Any and all insurance proceeds received by the Association on account of any damage to or destruction of any of the Common Areas or any sums paid to the Association under or by virtue of such Special Assessments shall be held by and for the benefit of the Association and shall be disbursed by the Association in payment for the costs of such repair or restoration in such manner as may be determined by the Association. In no event shall the Association or the Owner or Mortgagee of any Lot or Dwelling be entitled to any portion of any Special Assessments or proceeds of insurance payable as a result of the damage to or destruction of any portion of the Common Areas.

9.02 Damage or Destruction to Lots and Dwellings. In the event of any fire or other casualty which damages or destroys any portion of any Lot or Dwelling, then the Owner of such damaged Lot or Dwelling shall promptly repair and otherwise restore such Lot or Dwelling to the condition to which the same existed immediately prior to such fire or other casualty; provided, however, that any such restoration or repair shall be subject to compliance with all of the terms and provisions set forth in Article V above and all then applicable rules, regulations, statutes and ordinances of the Governmental Authorities. Any such restoration or repair shall be commenced within one hundred eighty (180) days following the occurrence of such fire or other casualty. The Owner of any such damaged Lot or Dwelling shall proceed diligently and complete all such restoration or repair no later than one (1) year following the occurrence of such fire or other casualty. In the event the restoration or repair of such Lot or Dwelling is impracticable or would otherwise violate any of the terms and provisions of these Covenants, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such fire or other casualty and shall leave such Lot or Dwelling and any remaining Improvements thereon in a clean, orderly, safe and sightly manner.

9.03 Condemnation of Common Areas

(a) In the event of the taking of all or any portion of any of the Common Areas as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain,

condemnation or by private purchase in lieu thereof, the award from such taking or sale in lieu thereof shall be paid to the Association and shall be disbursed or held as follows:

(i) To the extent the Common Areas subject to such taking can either be restored or replaced, then, to the extent practicable, the Association shall take such action, including the utilization of any other Common Areas within the Development, to restore, rebuild or replace, as the case may be, those portions of the Common Areas subject to such taking. If the award is insufficient to fully defray the cost of such repair or replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, then the Board may levy a Special Assessment against all Owners, without the necessity of a vote of the Owners approving or disapproving the same pursuant to Section 8.05 and 8.08 above, which such Special Assessments shall be in an amount sufficient to provide funds to pay a proportionate share of the remaining costs of repair, restoration or reconstruction. Such proportionate share shall be determined by a fraction, the numerator of which shall be the total area of the Property, and the denominator of which shall be the total area of the Development. Such Special Assessments shall be levied against each Owner as provided in Section 8.03 above. Further Special Assessments may be made by the Board, on a proportionate share basis, as mentioned above, without the necessity of a vote of the Owners approving or disapproving the same, at any time during or upon the completion of any such repair, replacement or restoration of the Common Areas if the award received as a result of such taking is insufficient to pay the costs of such repair or restoration.

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

(b) If any portion of the award from any taking remains after restoration or replacement of any of the Common Areas, the remainder of such award shall be retained by and for the benefit of the Association, without any claim thereto by any Owner. Except as specifically provided in Section 9.03(c) below, no Owner or Mortgagee of any Lot or Dwelling shall be entitled to any portion of the award made to the Association as a result of the taking of any portion of the Common Areas.

(c) If any such taking or sale in lieu thereof includes all or any part of a Lot or Dwelling and also includes any part of the Common Areas, then the award from such taking shall be equitably apportioned in accordance with the decision of a court of competent jurisdiction and such award shall be disbursed separately to the Association and to the Owners so affected by such taking; provided, however, that the Owners of any Lot or Dwelling which is subject to any such taking and the Association may mutually agree on the amount of such apportionment, which mutual agreement shall be binding on all Owners.

9.04 Condemnation of Lots and Dwellings. In the event that all or any portion of a Lot or Dwelling is taken as a result of, in lieu-of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof, then, to the extent

practicable, the Owner of such Lot or Dwelling responsible for the maintenance and repair of such Lot or Dwelling shall promptly repair, reconstruct, rebuild and otherwise restore the remaining portions of the Lot or Dwelling as nearly as practicable to the condition to which the same existed immediately prior to such taking; provided, however, that any such restoration shall be subject to all of the terms and conditions set forth in Article V above and all then applicable rules, regulations, statutes and ordinances of the Governmental Authorities. In the event the restoration of such Lot or Dwelling is impracticable or would otherwise violate any of the terms and provisions of these Covenants, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such taking and shall leave such Lot or Dwelling and any remaining Improvements thereon in a clean, orderly, safe and sightly condition.

9.05 Insurance.

(a) The Association shall have the right and authority to obtain and maintain at all times adequate property and casualty insurance in such form as the Association deems appropriate for the benefit of the Association insuring all insurable Improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief, which coverage shall be in an amount, with such insurance carriers, at such costs and with such deductibles as the Association, in its sole discretion, may determine.

(b) The Association shall have the right and authority to obtain and maintain in effect at all times such public liability insurance coverage covering all of the Common Areas in such amounts, with such insurance carriers, at such costs and with such deductibles as the Association, in its sole discretion, may deem necessary or desirable.

(c) The Board shall have the right and authority to obtain workman's compensation insurance, employer's liability insurance, public liability insurance, and all other types of insurance required by law, including, without limitation, errors and omissions and directors and officers liability insurance coverage, in such amounts, with such insurance carriers, at such costs and with such deductibles as the Board, in its sole discretion, may determine.

(d) All insurance coverage authorized in Section 9.05(c) above shall be written in the name of the Association and all costs thereof shall be a Common Expense. To the extent the same may be obtained at a nominal cost, all such policies shall contain a waiver of subrogation clause pursuant to which the insurer waives any claims against the Developer, the Association, the members of the Board and all officers, agents and employees of the Association, including the manager for the Development, and the Association, the Owners and the family members, servants, agents, tenants and guests, of the Owners and shall also name Developer as an additional insured.

(e) All insurance coverages required in Sections 9.05(a) and 9.05(b) above shall be written in the name of the Association and a proportionate share of all costs thereof shall be a Common Expense. Such proportionate share shall be determined by a fraction, the numerator of

which shall be the total area of the Property and the denominator of which shall be the total area of the Development at the time such costs are incurred.

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

ARTICLE X

TERM AND AMENDMENTS

10.01 Term. The terms, covenants, conditions and restrictions set forth in these Covenants shall run with and bind all of the Property, shall inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, personal representatives, administrators, successors and assigns, and shall be and remain in effect for a period of ninety-nine (99) years from and after the date hereof, after which time these Covenants shall be automatically renewed and extended for successive and continuous periods of ten (10) years each, unless, at any time after twenty (20) years from the date hereof, an agreement executed by the Owners of at least two-thirds (2/3) or more of the Lots or Dwellings within the Property agreeing to terminate or modify these Covenants has been recorded in the Probate Office of Shelby County, Alabama; provided, however, that the rights of way and easements established, granted and reserved in Article III hereof shall continue and remain in full force and effect for the time periods and duration specified therein.

10.02 Amendment by Developer. For so long as Developer owns any Lot or Dwelling within the Property, or until such earlier date as Developer elects, in Developer's sole discretion, Developer may amend these Covenants by a written instrument filed and recorded in the Probate Office of Shelby County, Alabama, without obtaining the approval of any owner or Mortgagee; provided, however, that except as otherwise provided in Section 10.04 below, (a) in the event any amendment proposed by Developer materially and adversely alters or changes any Owner's rights to the use and enjoyment of his or her Lot or Dwelling or materially and adversely affects the title to any Lot or Dwelling, then such amendment shall be valid only upon the written consent thereto by the affected Owner or, alternatively, by fifty percent (50%) of all of the Owners (including Developer who shall have the voting rights attributable to any Lots or Dwellings owned by Developer) or (b) in the event any such proposed amendment by Developer would materially and adversely affect the title and interest of any Institutional Mortgagee, such

amendment shall be valid only upon the written consent thereto of all such Institutional Mortgagees affected thereby. Any amendment made pursuant to this Section 10.02 shall be certified by Developer and shall be effective upon recording of the same in the Probate Office of Shelby County, Alabama. Each Owner, by acceptance of a deed or other conveyance to a Lot or Dwelling, and each Mortgagee, by acceptance of a Mortgage on any Lot or Dwelling, agrees to be bound by all amendments permitted by this Section 10.02 and further agrees that, if requested to do so by Developer, such Owner and Mortgagee will consent to the amendment of these Covenants or any other instrument relating to the Property or the Association if such amendment is (i) necessary to bring any provision hereof into compliance or conformity with the provisions of any law, ordinance, statute, rule or regulation of any applicable Governmental Authority or the judicial decision of any state or federal court, (ii) necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lot or Dwelling, (iii) required by any Institutional Mortgagee in order to enable such Institutional Mortgagee to make a Mortgage loan on any Lot or Dwelling or (iv) necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on any Lot or Dwelling within the Property.

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

(a) At any annual or special meeting of the members of the Association, an amendment to these Covenants may be proposed by either the Board of the Association or by any Owners present in person at such meeting. Any such proposed amendment must be approved by the Owners holding at least two-thirds (2/3) of the total votes in the Association; provided, however, that (i) for so long as Developer owns a Lot or Dwelling within the Property, or until such earlier date as Developer elects, in Developer's sole discretion, Developer must approve such proposed amendment and (ii) to the extent the proposed amendment affects any of the matters described in Section 10.04 below, then the provisions of Section 10.04 below shall be applicable to such proposed amendment.

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

10.04 Restrictions on Amendment. Notwithstanding anything provided in the Declaration to the contrary, in no event may any amendment to Sections 1.17, 1.18, 2.02, 2.03, 2.05, 2.06, 3.01 through 3.12, 5.02, 5.05(b), 5.10, 5.11, 5.12, 6.01, 6.08, 6.09, 6.15(b), 6.21, 6.23, 6.26, 6.27, 6.32, 6.35, 8.03, 8.04, 10.02, 10.03, 10.04 and 12.01 hereof or any other provisions of these Covenants which require Developer's consent or approval, be effective unless Developer consents in writing to any such amendment requiring its consent. The consent of Developer to

any such proposed amendment may be withheld in the sole discretion of Developer with or without any reason.

ARTICLE XI

ENFORCEMENT

11.01 Authority and Enforcement. In addition to the provisions of Sections 5.12, 6.23, 6.24(a), 6.32, 6.37, 7.02(b) and 8.10 above, in the event any Owner or Occupant or their respective agents, contractors or invitees, violates any of the provisions of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations adopted by the Board of the Association from time to time, the Board shall have the power to (i) impose reasonable monetary fines which shall constitute an equitable charge and continuing lien upon the Lot and Dwelling and shall be a personal obligation of such Owner which is guilty of such violation, (ii) suspend an Owner's right to vote in the Association or (iii) suspend an Owner's or Occupant's right (and the right of such Owner's or Occupant's family members, guests and tenants) to use any of the facilities located in or upon the Common Areas, and the Board shall have the power to impose all or any combination of any of the foregoing sanctions. Any such suspension of rights may be for the duration of the infraction.

11.02 Procedure. In the event any of the terms or provisions of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association are violated by an Owner or Occupant, or the respective agents, contractors or invitees of any Owner or Occupant, the Board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights pursuant to Section 11.01 above unless written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violations which demand shall specify:

- (i) The alleged violation;
- (ii) The action required to abate such violation; and
- (iii) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one or if the violation is not a continuing one, a statement that any further violation of the same provision of these Covenants, the Architectural Standards, the Articles of Incorporation, the Bylaws or any of the rules and regulations of the Association may result in the imposition of sanctions. The foregoing procedure shall only be applicable to the enforcement rights specified in Section 11.01 above and shall not apply to the exercise of any of the rights and remedies specified in any other Section or provision of these Covenants.

11.03 Nonexclusive Remedies. Notwithstanding anything provided to the contrary in these Covenants, the authority, enforcement and procedural rights set forth in this Article XI are in addition to and shall not be deemed to limit the other rights and remedies set forth in these

Covenants or which the Association, acting through the Board, would have the right to exercise at law or in equity.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.01 Control by Developer. NOTWITHSTANDING ANYTHING PROVIDED TO THE CONTRARY IN THESE COVENANTS, THE ARTICLES OF INCORPORATION, THE BYLAWS OR IN ANY OTHER DOCUMENT OR INSTRUMENT RELATING TO THE PROPERTY, DEVELOPER HEREBY RETAINS THE RIGHT TO APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE BOARD OF THE ASSOCIATION AND ANY OFFICER OR OFFICERS OF THE ASSOCIATION AS PROVIDED BY AND FOR THE PERIOD OF TIME SET FORTH IN SECTION 4.02 ABOVE. Each Owner, by acceptance of a deed or other conveyance of any interest in a Lot or Dwelling, agrees that Developer shall have the authority to appoint and remove members of the Board and officers of the Association in accordance with the foregoing provisions of this Section 12.01 and the provisions of Section 4.02 above. At such time as Developer no longer owns any interest in any portion of the Property, or at such earlier date as Developer elects, in Developer's sole discretion, a special meeting of the Association shall be called within a reasonable time thereafter at which time the Owners shall elect a new Board which shall undertake the responsibilities of the Board and Developer shall deliver all books, accounts and records of the Association, if any, which Developer has in its possession.

12.02 Legal Expenses. In addition to the rights and remedies set forth in Sections 5.12, 6.23, 6.24(a), 6.32, 6.37, 7.02(b), 8.10 and in Article XI above, in the event either the Association, its agents or representatives, the ARC, its agents or representatives, or the Board, its agents and representatives, undertake any legal or equitable action which either of them deem necessary to abate, enjoin, remove or extinguish any violation or breach of these Covenants, then all costs and expenses incurred by either of them, including, without limitation, attorneys' fees and court costs, in enforcing any of the terms, provisions, covenants or conditions in these Covenants shall be paid for by the Owner against whom such action was initiated. The Association, its agents and representatives, the ARC, its agents and representatives, and the Board, its agents and representatives, are each hereby authorized to take any and all legal or equitable action as may be necessary under the circumstances to restrain or enjoin any such violation or breach or to otherwise seek monetary damages as a result of any expenses incurred by either the ARC or the Association to cure such violation or breach.

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

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

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

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

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

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

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

12.10 Right of Third Parties. These Covenants shall be recorded for the benefit of Developer, the Association, the Association, the Owners and their respective Mortgagees and by such recording, no other adjoining property owner or third party shall have any right, title or interest whatsoever in the Property or the Development or the operation and continuation of either, in the enforcement of any of the provisions of these Covenants or the right to consent to or approve any amendment or modification to these Covenants.

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

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

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

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

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

12.16 Notices. Notices required hereunder shall be in writing and shall be delivered by hand, by overnight courier, telecopied, or sent by registered or certified United States Mail, postage prepaid return receipt requested. Any notice so addressed and mailed shall be deemed to be given five (5) days after deposit in the united states Mail, and if delivered by hand, shall be deemed to be given when delivered, and if telecopied or delivered by overnight courier, shall be deemed to be given on the business day immediately following the day on which it was sent or delivered. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association or, if no such address has been so designated, at the address of such Owner's respective Lot or Dwelling within the Property. All notices to the Association, or the ARC shall be delivered or sent in care of Developer to the following address:

STONEGATE FARMS, LLC
Attention: Peter Wolnski, Vice President
1000 Urban Center Drive, Suite 650
Vestavia Hills, Alabama 35242

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

12.17 Assignment. Subject to the provisions of Section 12.13 above, Developer and the ARC shall each have the right to assign any and all of the rights, powers, reservations and duties contained herein to any person or entity who shall thereupon have the same rights, power, reservations and duties as Developer and the ARC, respectively.

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

12.19 No waiver. All rights, remedies and privileges granted to Developer, the Association, the Association and the ARC pursuant to the terms and provisions of these Covenants shall be deemed to be cumulative and the exercise of anyone or more of such rights, remedies or privileges shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same, or any other party, from pursuing such other and/or additional rights, remedies or privileges as may be available to such party at law or in equity. The failure at any time to enforce any covenant or restriction set forth herein shall in no event be deemed a waiver of the right thereafter to enforce such covenant or restriction.

IN WITNESS WHEREOF, Developer has caused these Covenants to be duly executed as of the day and year first above written, but actually executed on this the 16th day of March, 2001.

**STONEGATE FARMS, LLC, an Alabama
limited liability company**

BY: **STONEGATE PROJECTS (ALABAMA), LLC,
an Alabama limited liability company, Manager**

BY: **STONEGATE REALTY COMPANY, LLC,
an Oklahoma limited liability company, Manager**

By: 
Mark D. Elgin, Manager

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned Notary Public in and for said County in said State, hereby certify that Mark D. Elgin, whose name as Manager of Stonegate Realty Company, LLC, an Oklahoma limited liability company, which is Manager of Stonegate Projects (Alabama), LLC, an Alabama limited liability company, which is Manager of Stonegate Farms, LLC, an Alabama limited liability company, 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 such instrument, he, as such Manager and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal on this the 16TH day of March, 2001.



Notary Public

My Commission Expires:

NOTARY PUBLIC STATE OF ALABAMA AT LARGE.
MY COMMISSION EXPIRES: Aug. 12, 2001.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.

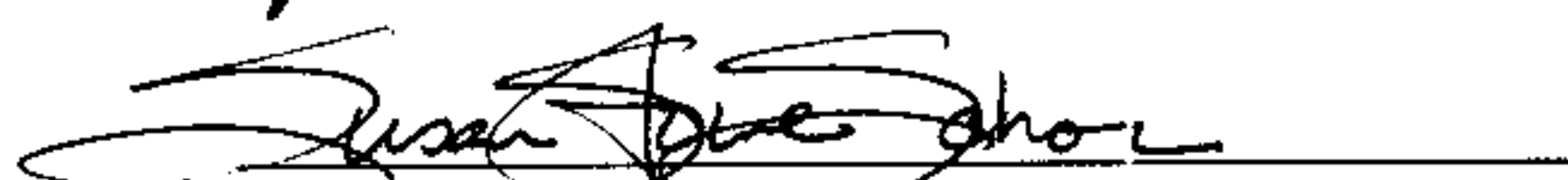
NOTARIAL SEAL

ACKNOWLEDGEMENT AND CONSENT

As part of the consideration for that certain deed of conveyance from Stonegate Farms, LLC, to the undersigned, J. Michael Schor and wife, Susan Stowe Schor (the "Schors"), conveying to the Schors that portion of the Property described as Parcel 2 on Exhibit "A" attached hereto, which said deed is recorded under Instrument No. 2001-02971, in the Probate Office of Shelby County, Alabama, the Schors hereby acknowledge and consent to, agree to be bound by, and adopt, insofar as said Parcel 2 is concerned, the above and foregoing Stonegate Farms Covenants, Conditions and Restrictions.

In witness whereof, the said J. Michael Schor and wife, Susan Stowe Schor have hereunto set their hands and seals as of February 21, 2001, but actually executed on this the ____ day of March, 2001.


J. Michael Schor


Susan Stowe Schor

STATE OF ALABAMA)
)
COUNTY OF Jefferson)

I, the undersigned, a Notary Public in and for said county, in said state, hereby certify that J. Michael Schor, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 21st day of March, 2001.


Notary Public

My Commission Expires: Notary Public, Alabama State at Large
My Commission Expires March 6, 2004

STATE OF ALABAMA)
)
COUNTY OF Jefferson)

I, the undersigned, a Notary Public in and for said county, in said state, hereby certify that Susan Stowe Schor, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, she executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 21st day of March, 2001.

Angela A. Chapman
Notary Public

My Commission Expires: _____
Notary Public, Alabama State at Large
My Commission Expires March 6, 2004

ACKNOWLEDGMENT AND CONSENT

As the mortgagees under that certain Purchase Money Mortgage from Stonegate Farms, LLC, recorded under Instrument No. 2001-02968, in the Probate Office of Shelby County, Alabama, encumbering that portion of the Property described in Parcel 1 in Exhibit "A" attached hereto, the undersigned S. W. Smyer, Jr., Ingrid Frances Smyer-Dubrow and Harald L. Smyer hereby acknowledge and consent to, insofar as said Parcel 1 is concerned, the above and foregoing Stonegate Farms Covenants, Conditions and Restrictions.

In witness whereof, the undersigned have hereunto set their hands and seals as of February 21, 2001, but actually executed on this the 23 day of March, 2001.


S. W. Smyer, Jr.

~~Cheryl Frances Smyer-Dubrow~~
Ingrid Frances Smyer-Dubrow,
By S.W. Smyer, Jr., as attorney-in-fact
under Durable Power of Attorney
dated September 8, 2000


Harold L. Smyer,
By S.W. Smyer, Jr., as attorney-in-fact
under Durable Power of Attorney
dated September 9, 2000

STATE OF ALABAMA)
)
COUNTY OF Jefferson)

I, the undersigned, a Notary Public in and for said county, in said state, hereby certify that S.W. Smyer, Jr., whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this date that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 23rd day of March, 2001.

Janet Peoples

Notary Public
My Commission Expires: _____ MY COMMISSION EXPIRES

STATE OF ALABAMA)
)
COUNTY OF Jefferson)

I, the undersigned, a Notary Public in and for said county, in said state, hereby certify that S.W. Smyer, Jr., as attorney-in-fact for Ingrid Frances Smyer-Dubrow under Durable Power of Attorney dated September 8, 2000, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such attorney-in-fact, executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 23rd day of March, 2001.

Jan I. Peoples
Notary Public
My Commission Expires: _____ MY COMMISSION EXPIRES JANUARY 18, 2004

STATE OF ALABAMA)
)
COUNTY OF Jefferson)

I, the undersigned, a Notary Public in and for said county, in said state, hereby certify that S.W. Smyer, Jr., as attorney-in-fact for Harald L. Smyer under Durable Power of Attorney dated September 9, 2000, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such attorney-in-fact, executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this the 23rd day of March, 2001.

Jan I. Peoples
Notary Public
My Commission Expires: _____ MY COMMISSION EXPIRES JANUARY 18, 2004

EXHIBIT "A"

Parcel 1:

Lot 1, according to the Survey of the Stonegate Realty Subdivision recorded in Map Book 27, page 133 in the Office of the Judge of Probate of Shelby County, Alabama.

Parcel 2:

Lot 2, according to the Survey of the Stonegate Realty Subdivision recorded in Map Book 27, page 133 in the Office of the Judge of Probate of Shelby County, Alabama

Stonegate Farms\Covenants Amended and Restated-final.doc

Inst # 2001-12016

04/02/2001-12016
11:55 AM CERTIFIED
65 SHELBY COUNTY JUDGE OF PROBATE
071 DLH 224.00