

WINDSTONE, PHASE V DECLARATION OF PROTECTIVE COVENANTS

THIS WINDSTONE DECLARATION OF PROTECTIVE COVENANTS is made as of the 23
day of October, 2003 by Rodney E. Davis and A. Neal Shirley, the Phase V Owners, as
hereinafter defined:

RECITALS

Developer is the owner of that certain real property situated in Shelby County, Alabama (the "Phase V Property") which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, and desires to own, develop, improve, lease and sell the Phase V Property for single-family detached residential housing purposes, subject to all of the easements, covenants, conditions, restrictions, requirements and obligations set forth in this Declaration.

NOW, THEREFORE, Developer does hereby declare that all of that certain real property situated in Shelby County, Alabama which is more particularly described in "Exhibit A" attached hereto and incorporated herein by reference shall be held, developed, improved, transferred, sold, conveyed, leased, occupied and used subject to the following easements, covenants, conditions, restrictions, charges, liens and regulations, 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 real property defined in Exhibit "A" attached hereto and any of the Additional Property, as defined in below, and their respective heirs, executors, administrators, personal representatives, successors and assigns.

ARTICLE I

DEFINITIONS

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

1.01 ADDITIONAL PROPERTY. The term "Additional Property" shall mean and refer to any real property and any Improvements situated thereon lying adjacent to or contiguous with the Property which Developer may from time to time submit and add to the provisions of this Declaration pursuant to the provisions of Section 2.02 below. The Additional Property may also include additional Common Areas.

1.02 ARC. The term or letters "ARC" shall mean the architectural review committee appointed by the Board, with the rights and obligations conferred upon such architectural review committee pursuant to this Declaration and any additional rights as may be authorized by the Board.

1.03 ARTICLES OF INCORPORATION. The term "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association, as the same may be amended from time to time.

1.04 ASSESSMENT. The term "Assessment" shall mean, collectively, the Annual Assessments (as defined in Section 8.03 below), Special Assessments (as defined in Section 8.04 below), and Individual Assessments (as defined in Section 8.05 below).

1.05 ASSOCIATION. The term "Association" shall mean the Windstone Owners' Association, Inc., an Alabama nonprofit corporation, and its successors and assigns, which has been incorporated contemporaneously herewith.

1.06 BOARD. The term "Board" shall mean and refer to the Board of Directors of the Association and their duly elected successors as may be provided in the Articles of Incorporation and Bylaws.

1.07 BYLAWS. The term "Bylaws" shall mean and refer to the Bylaws of the Association which have been adopted contemporaneously herewith by the Board, as the same may be amended from time to time.

1.08 COMMON AREAS. The term "Common Areas" shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners. In addition, the Common Areas shall also include (regardless of whether legal title to the same has been conveyed to the Association) (a) the entranceway to the Property, including all signage, street lights, walls, fences, landscaping and landscaped or other areas immediately adjacent to any public roadways (other than any such areas located solely within the boundary lines of any Lot or owned or maintained by any governmental authority), (b) all utility lines, pipes, ducts, conduits, equipment, machinery and other apparatus and appurtenances which serve any portion of the Common Areas (which are not owned or maintained by any public or private utility providers) and (c) all other areas or Improvements on or within the Property which are designated by Developer or the Board as Common Areas from time to time.

1.09 COMMON EXPENSES. The term "Common Expenses" shall mean and refer to all expenditures made or incurred by or on behalf of the Association, including, without limitation, those expenses described in Section 8.03(c) below, together with all funds assessed for the creation or maintenance of reserves pursuant to the provisions of this Declaration.

1.10 DECLARATION. The term "Declaration" shall mean and refer to this Windstone Amended and Restated Declaration of Protective Covenants, together with all amendments thereto.

1.11 DEVELOPER. The term "Developer" shall mean Rodney E. Davis and A. Neal Shirley and their respective heirs, executors and assigns.

1.12 DWELLING. The term "Dwelling", with an initial capital letter, shall mean and refer to the one (1) single-family detached residential housing unit which is or may be constructed on a Lot.

1.13 IMPROVEMENT. The term "Improvement", with an initial capital letter, shall mean and refer to all Dwellings, alters or causes a change in any building, structure or device constructed, erected or placed upon any Lot or Common Area which in any way affects any Lot or Common Area or the exterior appearance of any Dwelling or any other Improvement thereto. Improvements shall include, by way of illustration and not limitation, buildings, sheds, foundations, covered patios, underground utilities, roads, driveways, walkways, paving, curbing, septic tanks and field lines, swimming pools, tennis courts, treehouses, playhouses, swingsets, trees, shrubbery, landscaping, fences, screening, walls, signs and any other artificial or man-made changes or alterations to the natural condition of any Lot or the exterior of any Dwelling. "Improvements" shall also mean any grading, any excavation or fill, the volume of which exceeds eight (8) cubic yards.

1.14 LOT. The term "Lot" shall mean and refer to any portion of the Property upon which it is intended that a Dwelling be constructed thereon. Upon the recordation of any subdivision plat for any portion of the Property, each lot indicated thereon (other than any lots designated thereon as Common Areas or which subsequently become Common Areas) shall be deemed a Lot for purposes of this Declaration. All references in this Declaration to a "Lot" shall also mean and include any Dwelling and other Improvements constructed on such Lot. 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. Common Areas shall not constitute Lots.

1.15 MORTGAGEE. The term "Mortgagee", with an initial capital letter, shall mean and refer to the holder of any mortgage. The term "Mortgage", with an initial capital letter, shall mean and refer to any mortgage, deed of trust or other security device encumbering a Lot or any interest therein and which shall have been duly and properly recorded in the Office of the Judge of Probate of Shelby County, Alabama.

1.16 OWNER. The term "Owner", with an initial capital letter, shall mean and refer to the record owner, including Developer, of fee simple title to any Lot, but shall not include (i) any Mortgagee unless and until such Mortgagee has foreclosed on its mortgage and purchased such Lot 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 solely by virtue of a lease, contract, installment contract or other agreement. As of the date hereof, all of the Phase I Owners, the Phase II Owners, the Phase III Owners and Developer constitute Owners.

1.17 PROPERTY. The term "Property", with an initial capital letter, shall mean and refer to the Phase V Property, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. The Property shall also include any Additional Property made subject to this Declaration pursuant to Section 2.02 hereof.

1.18 TURNOVER DATE. The term "Turnover Date" shall mean the earlier of (a) the date on which Developer no longer owns any of the Property or (b) the date on which Developer elects, in its sole and absolute discretion, to relinquish all rights to appoint and remove members of the Board pursuant to Section 4.02 below.

ARTICLE II

PROPERTY SUBJECT TO THE DECLARATION

2.01 GENERAL DECLARATION.

(a) Developer hereby declares that all of the Property shall be subject to the easements, covenants, conditions, restrictions, charges, liens and regulations of this Declaration and the Property, any part thereof and each Lot and any Improvements thereto and all Common Areas thereof shall be held, owned, sold, transferred, conveyed, hypothecated, encumbered, leased, occupied, built upon and otherwise used, improved and maintained subject to the terms of this Declaration, which easements, covenants, condition, 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, the Association and all Owners of the Property and all Lots and any Improvements thereto.

2.02 ADDITIONAL PROPERTY. Developer reserves the right, in its sole and absolute discretion but without any obligation, at any time and from time to time prior to the Turnover Date, to add and submit any Additional Property to the provisions of this Declaration and, to the extent any of the Additional Property is specifically submitted to the terms and provisions of this Declaration by Developer, then any such Additional Property shall constitute part of the Property. Additional Property may be submitted to the provisions of this Declaration by an instrument executed by Developer in the manner required for the execution of deeds and recorded in the Office of the Judge of Probate of Shelby County, Alabama, which instrument shall be deemed an amendment to this Declaration (which need not be consented to or approved by any Owner or Mortgagee of any Lot). From and after the date on which an amendment to this Declaration is recorded in the aforesaid Probate Office submitting any Additional Property to the terms and provisions of this Declaration, the number of votes in the Association shall be increased by the number of Lots within

the Additional Property which are added and submitted to this Declaration so that there shall continue to be one vote in the Association per Lot within the Property.

2.03 MUTUALITY OF BENEFIT AND OBLIGATION. The provisions of this Declaration are made (a) for the mutual and reciprocal benefit of each Lot and are intended to create mutual, equitable servitudes upon and in favor of each Lot, (b) to create reciprocal rights and obligations between the respective Owners and all future and subsequent Owners of any Lot within the Property and (c) to create a privity of contract and estate between the Owners, their respective heirs, successors and assigns.

2.04 DEVELOPMENT OF PROPERTY. Developer shall have the right, but not the obligation, for so long as Developer owns any Lot within the Property, to make improvements and changes to all Common Areas and to all Lots owned by Developer, including, without limitation, (a) installation and maintenance of any Improvements in or to the Common Areas and all Lots owned by Developer, (b) changing the location of the boundaries of any Lots owned by Developer or the boundaries of any of the Common Areas, and (c) changing the boundaries of any portion of the Property owned by Developer, including any Additional Property owned by Developer. The exercise by Developer of any of the rights set forth in this Section 2.04 may be exercised solely by Developer without any requirement that the consent or approval of any Owners be obtained.

2.05 SUBDIVISION. Developer reserves the right to record, modify, amend, revise and otherwise add to, at any time and from time to time, one or more subdivision plats setting forth such information as Developer may deem necessary with regard to the Property, including, without limitation, the locations and dimensions of all Lots, Common Areas, roads, utility systems, drainage systems, utility easements, drainage easements, access easements and set-back line restrictions. Any such subdivision plats and any amendments thereto shall be binding on the portions of the Property indicated thereon as if such subdivision plat were specifically incorporated into this Declaration. Notwithstanding anything provided to the contrary in this Declaration, the rights reserved by Developer pursuant to this Section 2.05 may be exercised by Developer without any requirement that the consent or approval of any Owners or Mortgagees be obtained (other than the Owner or Mortgagee of any Lot which is being subdivided or re-subdivided).

ARTICLE III

EASEMENTS

3.01 GRANT AND RESERVATION OF GENERAL ACCESS EASEMENT.

(a) Each Owner does hereby grant to Developer, the ARC, the Association and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual non-exclusive easement appurtenant over, across, through and upon such Owner's Lot for the purpose of providing ingress to and egress from such Lot for (i) inspecting such Lot and any Improvements thereon in order to determine compliance with the terms and provisions of this Declaration and (ii) for the performance of the respective duties of Developer, the ARC and the Association hereunder; provided, however, that upon completion and occupancy of any Dwelling, then except in the event of any emergencies, the foregoing easement shall be utilized only during normal business hours and then whenever practicable, only upon its advance notice to the Owner of such Dwelling directly affected thereby.

(b) Developer does hereby establish and reserve for itself, the ARC, the Association and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual non-exclusive easement appurtenant over, across, through and upon each Lot which is part of the Property and any Additional Property for the purpose of providing ingress to and egress from such Lot for (i) inspecting such Lot and any Improvements thereon in order to determine compliance with the provisions

of this Declaration and (ii) the performance of the respective duties of Developer, the ARC and the Association hereunder 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 of such Dwelling directly affected thereby.

(c) The easements granted and reserved pursuant to this Section 3.01 shall include the right (but not the obligation) of Developer, the ARC, the Association and their respective agents, employees, successors and assigns enter upon any Lot for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, grass, stumps or other unsightly growth and removing trash so as to maintain reasonable standards of health, fire safety and appearance within the Property.

3.02 GRANT AND RESERVATION OF EASEMENT FOR UTILITIES.

(a) Each Owner does hereby grant to Developer and its respective heirs, successors and assigns, permanent and perpetual non-exclusive easement appurtenant over, across, under, through and upon that portion of such Owner's Lot which is ten (10) feet in width along the entire rear property line of such Lot and five (5) feet in width along each of the side property lines of such Lot for the purposes of installing, erecting, replacing, relocating, maintaining and operating utility lines, as hereinafter defined, thereon. As used herein, the term "utility lines" shall mean and refer to master television and/or cable systems, security and similar systems and all utilities necessary or convenient for the use of any portion of the Property or any other real property situated in close proximity thereto, including, without limitation, publicly or privately owned and operated electrical, gas, telephone, communications, television, cable, water and sanitary sewer services, storm drains and sewers, drainage systems, lines, pipes, conduit, equipment, machinery and other apparatus and appurtenances necessary or otherwise reasonably required to provide any utility service to any portion of the Property or any other real property adjacent thereto or in close proximity therewith.

(b) Developer does hereby establish and reserve for itself, the Association and their respective successors and assigns, a permanent and perpetual non-exclusive easement appurtenant over, across, under, through and upon all of the Common Areas and that portion of all Lots which constitute part of the Phase IV Property and any Additional Property which is ten (10) feet in width along the entire rear property line of each such Lot and five (5) feet in width along each of the side property lines of each such Lot for the purpose of installing, erecting, replacing, relocating, maintaining and operating utility lines thereon.

(c) The easements granted 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.

ARTICLE IV

ASSOCIATION

4.01 MEMBERSHIP. The Owner of each Lot 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; provided, however, that (a) Developer shall be deemed a member of the Association and shall have one (1) vote for each Lot owned by Developer, (b) in the event any Lot 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 who shall exercise all voting rights attributable to the Lot owned by such Owner and (c) no Mortgagee shall become 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 is vested in Mortgagee pursuant to a duly recorded deed. The transfer or conveyance of fee title to any Lot (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 transferred and conveyed. Membership in, or the rights and benefits of, the Association may not be transferred, assigned, conveyed or otherwise alienated in any manner separately and apart from the ownership of a Lot.

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 sole and exclusive right to appoint and remove, with or without cause, any and all members of the Board and any and all officers of the Association until the occurrence of the Turnover Date. From and after the Turnover Date, the Owners shall have the exclusive right to appoint and remove all members of the Board in accordance with the terms and provisions of the Bylaws. As used throughout this Declaration, all actions required or permitted to be taken by the Association shall, unless otherwise expressly provided herein to the contrary, be by the majority vote of the members of the Board. Each Owner, by acceptance of a deed to a Lot, vests in Developer the authority to appoint and remove all of the members of the Board and all of the officers of the Association until the occurrence of the Turnover Date.

4.03 VOTING RIGHTS.

(a) Subject to the rights reserved by Developer in Section 4.03(b) below, the Owner of each Lot shall be entitled to one (1) vote in any matter 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 owned. Such voting rights shall continue to apply to each Lot upon the addition of any of the Additional Property to this Declaration. Each Owner, by acceptance of a deed to a Lot, 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 2.05 above or the submission of any Additional Property to the terms of this Declaration. In no event, whether as a result of there being multiple ownership interests in any Lot or otherwise, shall more than one vote be allowed for any one Lot. Fractional voting shall not be permitted.

(b) Notwithstanding anything provided to the contrary in this Declaration, the Articles of Incorporation or the Bylaws, until the occurrence of the Turnover Date, Developer shall have the sole and exclusive right to appoint and remove at any time and from time to time all members of the Board of Directors of the Association in accordance with the terms and provisions of the Bylaws.

4.04 DUTIES AND POWERS OF ASSOCIATION. In addition to the rights, duties, responsibilities and obligations of the Association otherwise set forth in this Declaration, the Association has the power to do, cause to be done and otherwise perform or cause to be performed any of the duties and powers set forth in the Articles of Incorporation and the Bylaws. The powers and authority granted herein and in the Articles of Incorporation and the Bylaws of the Association may be exercised by the Board, acting through the officers of the Association, and without further consent or action on the part of the Owners. In performing any of its responsibilities, the Association, acting through the Board, shall have the right and authority to delegate to such persons of its choice, including third-party management companies, such duties of the Association as may be determined from time to time by the Board. All costs and expenses relating to the employment of a manager of the Association shall be deemed a Common Expense. Any manager, if authorized by the Board, may exercise all the powers and shall be responsible for the performance of all duties of the Association.

ARTICLE V

ARCHITECTURAL REVIEW

5.01 COMMITTEE COMPOSITION. The Board of Directors of the Association shall appoint

up to three (3) persons, each of whom shall be appointed or elected (and subject to removal) as provided in Section 5.02 below, to serve on the ARC. The persons designated by the Board to serve on the ARC shall be agents and representatives of the Association may, but shall not be required to, be members of the Association or Owners of any Lot. Each member of the ARC shall be deemed an agent of the Association.

5.02 APPOINTMENT AND REMOVAL OF ARC MEMBERS. The Board shall have the sole and exclusive right to appoint and remove all persons who serve on the ARC. Any person appointed as a member of the ARC may be removed, with or without cause, at any time by the Board.

5.03 PROCEDURE AND MEETINGS. The ARC shall meet on a regular basis as well as upon call of any member of the ARC. The ARC is authorized to retain the services of consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. Any such costs and expenses incurred by the ARC which are not paid by Owners as part of the plan review fee established from time to time by the ARC shall constitute Common Expenses and shall be paid by the Association. The ARC shall have the right to designate one (1) person to act on behalf of the entire ARC in all matters in which the ARC is granted the right to act under the terms of this Declaration.

5.04 APPROVAL OF PLANS AND SPECIFICATIONS.

(a) In order to preserve the architectural and aesthetic appearance and the natural setting and beauty of the Property, to establish and preserve a harmonious design for the Property and to protect and promote the value of the Property, the Lots, the Dwellings and all Improvements thereon, no Improvements of any nature shall be commenced, erected, installed, placed, moved onto, altered, replaced, relocated, permitted to remain on or maintained on any Lot which affect the exterior appearance of any Lot or the Dwelling or other Improvements thereon unless plans and specifications therefor have been submitted to and approved by the ARC in accordance with the terms and provisions of this Section 5.04.

(b) The ARC is hereby authorized and empowered to approve all plans and specifications and the construction of all Dwellings and other Improvements on any Lot. Prior to the commencement of any Dwelling or other Improvements on any Lot, the Owner thereof shall submit to the ARC plans and specifications and related data for all such Improvements, in such form, with a minimum number of copies and with such other information or materials which the ARC may from time to time require. The ARC shall, in its sole and absolute discretion, determine whether the plans and specifications and other data submitted by any Owner for approval are acceptable. Any plans submitted to the ARC for approval which are not disapproved by the ARC within ten (10) business days following receipt of the same by the ARC shall be deemed to have been approved by the ARC. The ARC shall have the right to disapprove any plans and specifications upon any ground which is consistent with the objectives and purposes of this Declaration, including purely aesthetic considerations. Notwithstanding anything provided herein to the contrary, an Owner may make interior improvements and alterations within such Owner's Dwelling that do not affect the exterior appearance of such Dwelling without the necessity or requirement that the approval or consent of the ARC be obtained.

(c) The ARC may establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys retained in order to approve such plans and specifications and to monitor and otherwise enforce the terms hereof. Such fee or fees shall be paid by the Owner who is seeking approval of plans and specifications.

5.05 CONSTRUCTION WITHOUT APPROVAL. If (a) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Lot 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 to a Lot are not being complied with, then the Owner of such Lot shall be deemed to have violated this Declaration and the ARC shall have the right to exercise any of the rights and remedies set forth in Section 5.09 below.

5.06 SUBSURFACE CONDITIONS. The approval of plans and specifications by the ARC for any Dwelling or other Improvements on a Lot shall not be construed in any respect as a representation or warranty by the ARC or Developer to the Owner submitting such plans or to any of the successors or assigns of such Owner that the surface or subsurface conditions of such Lot are suitable for the construction of the Improvements contemplated by such plans and specifications. It shall be the sole responsibility of each Owner to determine the suitability and adequacy of the surface and subsurface conditions of any Lot for the construction of any contemplated Improvements thereon.

5.07 LIMITATION OF LIABILITY. Notwithstanding anything provided herein to the contrary, (a) neither Developer, the ARC, the Association, nor any agent, employee, representative, member, shareholder, partner, officer or director thereof shall have any liability of any nature whatsoever for, and (b) each Owner, by acceptance of a deed to any Lot, does hereby irrevocably and unconditionally waive and release Developer, the ARC, the Association and each agent, employee, representative, member, shareholder, partner, officer and director thereof from, any and all damage, loss, action, cause of action, liability, expense or prejudice suffered, claimed, paid or incurred by any Owner on account of (i) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article V, (ii) any defects, structural or otherwise, in any work done according to such plans and specifications, (iii) the failure of the ARC 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, (iv) the construction or performance of any work related to such plans, drawings and specifications, (v) bodily injuries (including death) to, or injury to the personal property of, any Owner or occupant of a Lot or Dwelling or any of their respective family members, guests, employees, servants, agents, invitees or licensees, 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 part, present or future soil and/or subsurface conditions, known or unknown (including, without limitation, sinkholes, underground mines, tunnels and water channels and limestone formations on or under any Lot or Dwelling) and (vi) 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, Dwelling or any Improvements situated thereon.

5.08 COMMENCEMENT AND COMPLETION OF CONSTRUCTION. Upon commencement of construction of any Dwelling, construction work thereon shall be prosecuted diligently and continuously and shall be completed within 12 months from the commencement date of said construction, such completion to be evidenced by a final certificate of occupancy issued by the appropriate governmental authorities having jurisdiction thereof. No Dwelling may be occupied prior to the issuance of a final certificate of occupancy for such Dwelling.

5.09 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 the respective family members, guests, invitees, agents, employees or contractors of any Owner, then the ARC and the Association shall each have the right, at their option, to exercise any of the rights and remedies set forth in Section 6.26 below.

ARTICLE VI

USE AND PROPERTY RESTRICTIONS

6.01 USE RESTRICTIONS. Except as otherwise provided to the contrary in this Section 6.01, each Lot and Dwelling shall be used for detached single-family residential purposes only. No trade or business may be carried on in or from any Lot; provided, however, that (a) the use of any portion of a Dwelling as an office by an Owner shall not be considered a violation of this covenant if such use does not create regular customer, client or employee traffic and (b) Developer may from time to time use any one or more of the Dwellings within the Property owned by Developer as a construction and/or sales office or as a model home. The leasing or rental of a Dwelling for residential purposes only shall be authorized and not be considered a violation of this covenant if, and only to the extent that, such lease is (i) a written lease, a copy of which must be forwarded to the Association, (ii) for a term of at least six (6) months, without any early termination rights (other than as a result of any event of default thereunder), (iii) the tenant expressly agrees in such lease to be bound by and comply with all of the terms and provisions of this Declaration and (iv) otherwise in compliance with the rules and regulations promulgated from time to time by the Association.

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

6.03 BUILDING SETBACKS. Minimum building setback lines for all Dwellings shall be as follows: (a) front setbacks: 25 feet; and (b) side setbacks: 10 feet on each side; provided, however, that to the extent a Lot constitutes a corner lot, then no Dwelling shall be located closer than 25 feet to the side property line of such Lot. All setback lines shall be measured from the property lines of each Lot. No Dwelling shall be built within the above setback areas. All eaves, steps, stoops, porches, terraces, decks and patios shall be deemed a part of the Dwelling for the purposes of determining building setbacks. Notwithstanding anything provided herein to the contrary, the ARC may require building setback requirements different from those described in the above, including building setbacks which are greater than those specified above.

6.04 HEIGHT LIMITATIONS. No Dwelling shall exceed two and one-half (2-1/2) stories in height, as measured from the finished grade of the Lot on the front of the Dwelling facing a street or roadway.

6.05 MINIMUM LIVING SPACE. Each Dwelling shall have a minimum Living Space of not less than 1,600 square feet. The term "Living Space" shall mean and refer to the enclosed and covered areas within a Dwelling which are heated and cooled by heating, ventilating and air conditioning equipment, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics, basements, and screened porches.

6.06 LANDSCAPING. All landscaping for a Lot shall be completed no later than the date of occupancy of the Dwelling situated thereon in accordance with the landscaping plan approved by the ARC. The front yards of all Lots shall be fully sodded except that natural areas may be created with the approval of the ARC. Rear and side yards of any Lot may be seeded. With respect to any corner Lots, that portion of the Lot facing the street must also be sodded from the curbing of such street to the rear building line of the Dwelling situated on such Lot. No hedge or shrubbery planting which obstructs sight-lines of streets and roadways shall be placed or permitted to remain on any Lot where such hedge or shrubbery interferes with traffic sight-lines for any roadways within or adjacent to the Property. No vegetable, herb or similar gardens or plants shall be planted or maintained in the front or side yards of any Lot or in the rear (back) yard of any Lot if the same would be visible from any roadway within or adjacent to the Property. No Owner shall allow the grass on his or her Lot to grow to a height in excess of six (6) inches, measured from the surface of the ground. Seasonal or holiday decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be promptly removed from each Lot and Dwelling no later than 30 days following the date of such holiday.

6.07 ROOFING AND EXTERIOR MATERIALS. No solar or other energy collection panel, equipment or device shall be installed or maintained on any Lot or Dwelling. All exterior building materials

and exterior colors for any Dwelling must be approved by the ARC. 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.). Metal flashing, valleys, vents, stacks, and gutters installed on a Dwelling shall be painted to blend with the color of the exterior materials to which it is adhered or installed. No aluminum siding shall be permitted.

6.08 FENCES AND POOLS. No fences of any kind or materials shall be permitted on a Lot except as approved by the ARC. No above-ground pools shall be permitted. All in-ground swimming pools must be approved by the ARC and be appropriately fenced or screened, as approved by the ARC. Chain link fences are prohibited.

6.09 OFF-STREET PARKING AND GARAGES.

(a) Each Dwelling shall provide for off-street parking for at least two (2) automobiles in enclosed garages (which must be equipped with garage doors). All driveways and sidewalks shall be paved; provided, however, that gravel and loose stone walkways at the rear of a Dwelling and which are not visible from any roadways within or adjacent to the Property shall be allowed. Garage doors shall be constructed of such materials as are approved by the ARC.

(b) Garage doors shall be kept closed at all times except when in use. No garage shall be converted to any use other than for the parking of vehicles therein without the approval of the ARC. Only side entry garages will be allowed; no garage doors may open directly onto a street or roadway. All automobiles owned or used by the Owner or occupants of any Dwelling shall be parked in such garages to the extent that garage space is available and garages shall not be used for storage or for any other purposes or uses which would result in the garage being unavailable for the parking of vehicles therein.

(c) In no event shall any automobiles or other vehicles, machinery or equipment be parked or left unattended on or within (i) any areas of a Lot which are not paved driveways or enclosed garages, (ii) any Common Areas or (iii) any of the public roadways within the Property. Each Lot shall provide for adequate off-street parking (i.e., parking areas located solely within the property lines of such Lot).

(d) No portion of any Lot may be utilized to provide access, ingress to or egress from any property outside the boundaries of the Property without the express prior written consent of the ARC, which consent may be withheld by the ARC in its sole and absolute discretion.

6.10 WINDOWS, WINDOW TREATMENTS AND DOORS. Reflective glass shall not be permitted on the exterior of any Dwelling. No foil or other reflective materials shall be installed on any windows or used for sunscreens, blinds, shades or other purposes. Burglar bars or doors (including wrought iron doors) shall not be permitted. Screen doors shall not be used on the front or side of any Dwelling. Appropriate window treatments shall be used on all windows. Sheets, bed linens, blankets and paper or plastic bags are not appropriate window treatments.

6.11 MAILBOXES. Only one (1) mailbox shall be allowed on any Lot. All mailboxes shall be of the type, design, color and location as may be established or approved by the ARC. Mailboxes shall contain only the house number of the Lot as approved by the ARC, but no further inscription, paintings, ornaments or artistry shall be allowed other than holiday or seasonal decorations which shall be promptly removed no later than 30 days following the date of such holiday.

6.12 UTILITY METERS AND HVAC EQUIPMENT. All electrical, gas, telephone and cable television meters shall be located on the side or at the rear of the Dwelling on such Lot and shall be screened from view by appropriate landscaping so as not to be visible from any roadways within the Property. No window mounted heating or air conditioning units or window fans shall be permitted.

6.13 SATELLITE DISHES AND ANTENNAE. No satellite dishes shall be allowed on any Lot or Dwelling; provided, however, that one (1) satellite dish no more than two (2) feet in diameter may be installed on a Dwelling so long as (a) the same is not visible from any roadway within the Property and (b) the location of such satellite dish is approved by the ARC. No radio antenna, radio receiver or other similar device or aerial shall be attached to or installed on any Lot or Dwelling unless the same is (i) contained entirely within the interior of a building or other structure, (ii) not visible from any roadway within or adjacent to the Property or any adjacent Lot and (iii) approved by the ARC.

6.14 SOIL EROSION AND DRAINAGE. Each Owner shall provide and maintain on his or her Lot adequate soil erosion measures and drainage facilities to accommodate any stormwater runoff resulting from any Improvements being or having been constructed on such Owner's Lot. Each Owner shall also insure that his or her Lot and any Improvements thereto are at all times in strict compliance with (a) all soil erosion protection requirements of all applicable governmental authorities, (b) all stormwater drainage and runoff requirements and regulations of all applicable governmental authorities and (c) all other statutes, ordinances, codes, laws, permits, legislation, rules, regulations, requirements, and rulings of any governmental authority. Each Owner, by acceptance of a deed to his or her Lot, shall and does hereby indemnify, defend and agree to hold Developer, the ARC, the Association and their respective agents, employees, officers, directors, shareholders, members and representatives, harmless from and against any and all fines, penalties, costs and expenses, including court costs and reasonable attorneys' fees, and any and all other amounts suffered, paid or incurred by Developer, the ARC, the Association and their respective agents, employees, officers, directors, shareholders, members and representatives in connection with any action, suit or proceeding (including the settlement of any suit or proceeding) to which any such person may be made a party by reason of the breach by such Owner of any of the terms and provisions of this Section 6.14.

6.15 OUTDOOR FURNITURE, RECREATIONAL FACILITIES AND CLOTHESLINES.

(a) Unless otherwise specifically approved by the ARC, any yard (exterior) furniture placed, kept, installed, maintained or located in or on any Lot shall, to the greatest extent practicable, be located so that the same will not be visible from any roadways within or adjacent to the Property. No interior furniture or furnishings (i.e., sofas, appliances, etc.) shall be allowed outside any Dwelling.

(b) Wood piles, barbeque grills, cookers, basketball goals, free-standing playhouses, children's toys, swingsets, jungle gyms, trampolines and other outdoor and recreational equipment and appurtenances shall be located so that the same are not visible from any roadways within or adjacent to the Property; provided, however, that basketball goals may be located no closer to any roadway than the rear building line for the Dwelling situated on any Lot unless otherwise approved in writing by the ARC and (ii) swingsets must be located in the backyard of any Dwelling and then, in a location approved in writing by the ARC.

(c) Outside clotheslines or other outside facilities for drying or airing clothes shall be prohibited on any Lot or Dwelling unless such clotheslines or other facilities are screened by appropriate landscaping from view from any roadways within or adjacent to the Property and from any adjacent Lot. No clothing, rugs or other items shall be hung, placed or allowed to remain on any railing, fence or wall.

(d) Bird feeders, wood carvings, plaques and other types of homecrafts shall not be permitted in the front or side yards of any Lot nor shall any of the foregoing items be attached to the front

or side of any Dwelling. All bird feeders, wood carvings, plaques and other types of homecrafts shall be located only at the rear of a Dwelling and shall not be visible from any roadways within or adjacent to the Property.

6.16 PETS AND ANIMALS. No animals, livestock, reptiles, birds or poultry of any kind shall be kept, raised or bred by any Owner upon any Lot, Dwelling or other portion of the Property; provided, however, that dogs and cats may be kept inside a Dwelling and not more than three (3) dogs or cats may be kept and maintained outside of a Dwelling so long as they are not kept for breeding or commercial purposes. No pet shall be allowed to make an unreasonable amount of noise or become a nuisance. No chained animals shall be kept or maintained on any Lot. Any structure or area for the care, housing or confinement of any pet (including, without limitation, dog houses, dog runs and other confined areas and spaces) shall be located at the rear of a Dwelling and in a location approved in writing by the ARC. Dogs and cats shall not be allowed to roam unattended within the Property; all dogs shall be kept and maintained within fenced or walled areas on a Lot or otherwise under leash; provided, however, that electronic or invisible fences (to the extent installed below ground) may be used in lieu of above ground fences so long as the same are at all times maintained in good working order and confine dogs to the Lot on which the same have been installed. Pets shall not be permitted to leave excrement on the Lot of any other Owner or any Common Areas. The foregoing shall not be deemed to prohibit the keeping of fish or domestic (household-type) birds so long as the latter are kept indoors and do not become an annoyance to other Owners.

6.17 TRASH, RUBBISH AND NUISANCES. No trash, garbage, rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon portion of the Property nor shall any nuisance or odors be permitted to exist or operate upon or arise from any Lot or Dwelling which would render any portion thereof unsanitary, unsightly, offensive or detrimental to persons using, occupying or owning any other Lots or Dwellings within the Property or any other real property in close proximity to the Property. 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 of a Lot or Dwelling shall refrain from any act or use of a Lot or Dwelling which could cause disorderly, unsightly or unkept conditions. 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 all roadways within or adjacent to the Property and all adjacent Lots and Dwellings by appropriate landscaping or fencing approved by the ARC. Except during initial construction of a Dwelling, no outdoor burning of trash, garbage, leaves, wood, shrubbery or other materials shall be permitted on any Lot. No trash, garbage, rubbish or debris, including construction materials of any kind, shall be dumped within any portion of the Property. Each Owner shall be responsible for contracting and paying for all trash and debris removal from such Owner's Lot.

6.18 RECREATIONAL VEHICLES AND MACHINERY AND EQUIPMENT. Mobile homes, motor homes, trailers of any kind, trucks (other than pick-up trucks), campers, vans (other than mini-vans used for passenger transportation), motorcycles, bicycles, motorized carts and all-terrain vehicles, lawnmowers, tractors, tools, construction machinery and equipment of any type or 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 unless the same is either (a) placed, stored and maintained within a wholly-enclosed structure, with roofing and doors, on such Lot; provided, however, that the foregoing provisions of this Section 6.18 shall not be applicable during the construction of a Dwelling on a Lot. Any such enclosed structure must be approved by the ARC or (b) stored at the rear of the Dwelling on a concrete pad and so long as such vehicle, machinery, equipment or device is not visible from any of the streets or roadways within the Property. Neither the Common Areas nor the roadways within the Property shall be utilized for the parking or storage of any of the foregoing vehicles, recreational vehicles, machinery or equipment. Any vehicle which is inoperable shall be immediately removed from the Property. No Owner or occupant of a Lot or Dwelling shall repair or restore any vehicle,

machinery or equipment of any kind upon or within any Lot 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.

6.19 SIGNAGE. No signs or advertising posters of any kind (other than one (1) “for sale” or “for rent” sign in size and color approved by the ARC) shall be maintained or permitted within any windows or on the exterior of any Dwelling or elsewhere on any portion of any Lot or the Common Areas; provided, however, that prior to the Turnover Date the foregoing shall not be applicable to Developer.

6.20 ABOVE OR BELOW GROUND TANKS AND WELLS. No exposed above-ground tanks for the storage of fuel, water or any other substances shall be located on any Lot or within any of the Common Areas.

6.21 TEMPORARY STRUCTURES. No temporary house, trailer, shack, tent, barn, shed, stable, poultry house or yard, rabbit hut, treehouse or other outbuilding or structure of any kind, shall be permitted, constructed, installed or allowed to remain on any Lot; provided, however, that the foregoing shall not be deemed to prohibit (a) dog houses for not more than two (2) dogs so long as such dog houses are visibly screened from view from all roadways within or adjacent to the Property and all adjacent Lots, (b) temporary structures for social functions as may be permitted by the rules and regulations of the Board and (c) construction trailers and/or sales offices of Developer and its authorized real estate brokers and agents.

6.22 CONSTRUCTION OF IMPROVEMENTS. During the construction of any Improvements on a Lot, (a) all portions of such Lot and the Improvements thereto shall be maintained in a clean condition, free of debris and waste material, (b) all unused construction materials shall be stored, to the extent practicable, out of view from any roadways within or adjacent to the Property and (c) all construction trash, debris and rubbish on each Lot shall be properly disposed of outside the Property. The Owner of each Lot shall be solely responsible for promptly repairing any damages caused to any utility lines, pipes, wiring or conduit or to any roadways, curbing, gutters, storm drains or any other Improvements of any nature within the Property caused by the acts or omissions of Owner or such Owner’s contractors, subcontractors, suppliers or laborers. Loud radios or excessive noise shall not be allowed on any Lot. Normal radio levels are acceptable. No builder or service personnel will be permitted to bring pets onto any portion of the Property.

6.23 SUBDIVISION AND INTERVAL OWNERSHIP. No Lot may be subdivided or resubdivided without the prior written approval of the ARC; provided, however, that the provisions of this Section 6.23 shall not be applicable to the subdivision, resubdivision or combination of any Lots or other real property owned by Developer. No Lot or Dwelling shall be sold or owned under any time-sharing, time-interval or similar right-to-use programs.

6.24 COMPLIANCE WITH GOVERNMENTAL REGULATIONS. Each Owner and occupant of a Lot or Dwelling shall at all times comply with all applicable laws, ordinances, statutes, rules, regulations, requirements and code provisions of all applicable governmental authorities.

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

6.26 ENFORCEMENT AND REMEDIES. In the event any of the provisions of Article V or this Article VI are breached or are not otherwise being complied with in all aspects by any Owner or occupant of a Lot or Dwelling or their respective family members, guests, invitees, agents, employees or contractors, then the Association or the ARC shall each have the right, 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 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 Article V or 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 Article V or this Article VI, shall constitute an Individual Assessment to such Owner pursuant to Section 8.05 below and, if the same is not paid when due, shall be subject to the lien and foreclosure remedies provided for in Section 8.07 below. 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 other enforcement rights specified in this Declaration.

ARTICLE VII

MAINTENANCE RESPONSIBILITIES

7.01 RESPONSIBILITIES OF OWNERS. Each Owner shall be responsible for maintaining his or her Lot in a neat, clean and sanitary condition. Such responsibilities shall include, without limitation, maintaining at all times appropriate paint and stain finishes on the Dwelling 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 Dwelling without first obtaining the prior written approval of the same from the ARC. All areas of any Lot which are not improved by the construction of a Dwelling thereon shall at all times be maintained by the Owner thereof in a fully and well kept landscaped condition utilizing ground cover and/or shrubbery and trees. The maintenance obligations set forth in this Section 7.01 shall apply to all portions of a Lot up to the edge of the pavement of the roadway abutting such Lot and shall be applicable 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 or like kind and quantity.

7.02 RESPONSIBILITIES OF ASSOCIATION. The Association shall maintain and keep in good repair and condition all portions of the Common Areas. The Association shall not be liable for injuries or damages to any person or property (i) caused by the elements, acts of God or any Owner or other person, (ii) resulting from any surface or subsurface conditions or which may be 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 (iii) resulting from theft, burglary or other illegal entry onto the Property or any Lot or Dwelling thereon. 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 the governmental authorities. In the event that the Board of the Association determines that (1) 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 such Owner is responsible hereunder or (2) 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 of such Owner's Lot or Dwelling, or their respective family members, guests, servants, employees, invitees or contractors, and the costs of such maintenance, cleaning, repair or replacement are not paid in full from insurance proceeds, if any, received by the Association with respect thereto, then, in either event, the Association, in addition to the exercise of any of the rights and remedies set forth in this Declaration, may give such Owner written notice of 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 ten (10) days within which to complete the same in a good and workmanlike manner or, if the same is not capable of completion within such ten (10) 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 8.07 below.

ARTICLE VIII

COMMON AREA ASSESSMENTS

8.01 ASSESSMENTS AND CREATION OF LIEN. Each Owner of a Lot, by acceptance of a deed or other instrument conveying any interest therein, regardless of whether such deed or instrument contains a reference to this Declaration, is hereby deemed to covenant and agree to pay to the Association (a) Annual Assessments, as established and to be collected as provided in Section 8.03 below, (b) Special Assessments, to be established and collected as provided in Section 8.04 below, and (c) Individual Assessments which are established or assessed pursuant to Section 8.05 below. All Assessments, together with late charges and interest at the Applicable Rate, as provided in Section 8.07(a) below, and all court costs and attorneys' fees incurred by the Association to enforce or collect such Assessments shall be an equitable charge and a continuing lien upon each Lot and all Improvements thereto, if any, for which the Owner thereof is responsible for the payment of the same, which lien may be enforced in the manner provided in Section 8.07(c) below. Each Owner shall be personally liable for the payment of all Assessments coming due while he or she is the Owner of a Lot and his or her grantee shall take title to such Lot subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his or her grantor any amounts paid by such grantee to the Association which were the legal obligations of the grantor. All Assessments, together with late charges and interest at the Applicable Rate, as specified in Section 8.07(a) below, court costs and attorneys' fees incurred with respect thereto by the Association shall also be a personal obligation of the person who was the Owner of the Lot at the time such Assessments and other costs and charges were assessed or incurred. In the event of co-ownership of any Lot, all of the co-owners shall be jointly and severally liable for the entire amount of such Assessments. All Assessments shall commence as to each Lot as provided in Section 8.06 below and be paid in such manner and on such dates as may be fixed by the Board. All Assessments shall be payable in all events without offset, diminution or abatement by reason of fire or other casualty or any taking as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof with respect to any Lot or any Improvements thereon, Common Areas or any other portion of the Property or any other cause or reason of any nature.

8.02 UNIFORM RATE OF ASSESSMENTS.

(a) Subject to the terms and provisions of Sections 8.02(b) and 8.03(d) below, both Annual and Special Assessments, as described in Sections 8.03 and 8.04 below, shall be assessed against each

Lot at a uniform rate, regardless of whether a Dwelling has been constructed on a Lot, with the Owner of each Lot being required to pay his or her prorata portion of such Annual Assessments and Special Assessments, as determined by a fraction, the numerator of which shall be the total number of Lots owned by such Owner and the denominator of which shall be the total number of Lots within the Property at the time such Annual Assessments or Special Assessments are levied.

(b) Notwithstanding anything provided in Section 8.02(a) above to the contrary, in the event any Additional Property is added to the Property, then (i) the Lots within the Additional Property shall be subject to the same Annual Assessments and Special Assessments then being paid by the Owners of all other Lots in the Property, subject to proration for the actual number of days remaining in the year in which such Additional Property was added to the Property and (ii) the amount of Annual Assessments and Special Assessments payable by all Owners in the year in which such Additional Property is added to this Declaration shall not be subject to change or recalculation.

8.03 COMPUTATION OF ANNUAL ASSESSMENTS.

(a) The Board of the Association shall determine and approve annually an annual budget covering the estimated Common Expenses for the Property for the upcoming year, such budget to include (i) a capital contribution or reserve account, if necessary, for the capital needs of the Association and (ii) subject to the provisions of Section 8.03(d) below, the amount of Annual Assessments which shall be payable by each Lot. The amount set forth in such budget, subject to the limitations set forth in Section 8.03(d) below, shall constitute the aggregate amount of Annual Assessments for all of the Property for the then applicable year and each Owner shall pay his or her prorata share of the same as provided in Section 8.02 above. As used herein, the term "Annual Assessments" with respect to each Lot shall mean the prorata portion of the Common Expenses payable each calendar year by each Owner in accordance with the provisions of this Section 8.03 (and subject to the limitations set forth in Section 8.03(d) below). 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 to each Owner upon written request of any such 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 8.04 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 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, members of the Board and any third party contractors; (ii) management fees and expenses of administration, including legal and accounting fees, incurred by or on behalf of the Association; (iii) utility charges for any utilities serving any of the Common Areas and charges for other common services for the Property; (iv) the costs of any insurance policies purchased for the benefit of the Association as required or permitted by this Declaration, including, without limitation, fire, flood and other hazardous coverage, public liability coverage and such other insurance coverage as the Board determines to be in the best interest of the Association, including errors and omissions insurance, directors' and officers' liability insurance and any other liability insurance coverage for the benefit of the Association, the members of the Board, any officers, employees, agents or representatives of the Association (including members of the ARC); (v) the expenses of maintaining, operating, repairing and replacing all portions of the Common Areas and any other amenities and facilities serving the Property which the Board, in its sole discretion, determines from time to time would be in the best interest of the Association; (vi) ad valorem real and personal property taxes assessed and levied upon any of the Common Areas; (vii)

the expenses of the ARC which are not paid in full by plan review charges; (viii) the costs and expenses for conducting recreational, cultural or other related programs for the benefit of the Owners and occupants of Lots or Dwellings; (ix) all other fees, costs and expenses incurred by the Association in accordance with the terms and provisions of this Declaration or which the Board, in its sole discretion, determines to be appropriate to be paid by the Association; and (x) the establishment and maintenance of a reasonable reserve fund or funds (1) for inspections, maintenance, repair and replacement of any portions of the Common Areas for which the Association is responsible to inspect, maintain, repair or replace on a periodic basis, (2) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds and (3) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board.

(d) Notwithstanding anything provided to the contrary in this Declaration, the amount of the Annual Assessments payable with respect to each Lot prior to the Turnover Date shall be subject to the following limitations:

(i) The Annual Assessment for the Property and any Additional Property added to the terms and provisions of this Declaration after the date hereof shall be \$125.00 per year until the occurrence of the Turnover Date.

Following the occurrence of the Turnover Date, Annual Assessments for all Lots shall be the same and shall be determined by the Board in accordance with the terms and provisions of Section 8.03(a) above and the provisions of this Section 8.03(d) shall be deemed null and void.

8.04 SPECIAL ASSESSMENTS. In addition to the Annual Assessments authorized in Section 8.03 above, the Board may levy in any year Special Assessments for Common Expenses or any extraordinary costs incurred by the Association; provided, however, that any such Special Assessments must be approved by (a) two-thirds of the Owners voting at a duly convened meeting of the Association or in a ballot vote by the members of the Association held in accordance with the provisions of the Bylaws and (b) by Developer to the extent such Special Assessment is levied prior to the occurrence of the Turnover Date. As used herein, the term "Special Assessments" shall mean those assessments made to all Owners pursuant to this Section 8.04. The Board may make such Special Assessments payable in one lump sum or in installments over a period of time which may, in the Board's discretion, extend beyond the then fiscal year in which said Special Assessments are levied and assessed. Special Assessments shall be levied against and payable by each Owner in accordance with the provisions of Section 8.02 above.

8.05 INDIVIDUAL ASSESSMENTS. The Association may, in its sole discretion, at any time and from time to time levy and assess as Individual Assessments ("Individual Assessments") against any Lot any costs or expenses incurred by the ARC or the Association as a result of the failure of any Owner or occupant of a Lot or Dwelling or their respective family members, agents, guests, servants, employees, invitees and contractors, to at all times observe and perform their respective duties and obligations under this Declaration. The Individual Assessments provided for in this Section 8.05 shall be levied by the Board and the amount and due date of such Individual Assessment shall be specified by the Board in a notice to such Owner.

8.06 DATE OF COMMENCEMENT OF ASSESSMENTS. Assessments shall commence as to each Lot on the day on which such Lot 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, subject to proration for the remainder of the then calendar year in which such Lot was conveyed to a person other than Developer. Assessments for Lots within any portion of the Additional Property hereafter submitted to the terms of this Declaration shall commence with respect to each such Lot on the day on which such Lot is

conveyed to a person other than Developer, subject to proration and adjustment according to the number of days then remaining in the calendar year in which such Additional Property was added to the terms of this Declaration. Notwithstanding anything provided herein to the contrary, Developer shall not be responsible for the payment of any Assessments on any Lots or Dwellings owned by Developer.

8.07 EFFECT OF NON-PAYMENT; REMEDIES OF THE ASSOCIATION.

(a) Each Owner of a Lot 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 portions thereof are not paid in full within 30 days from the statement billing date, then (i) the Owner of such Lot shall be deemed in default hereunder and (ii) 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 30th day from the statement billing date until the same has been paid in full. In the event any Assessments or any portion thereof are not paid in full within 30 days from the statement billing date, then the unpaid portion of such Assessment shall also be subject to a late charge in an amount determined and uniformly applied by the Board from time to time. 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 for Assessments 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 are not paid by any Owner within 30 days from the statement billing date, 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 (i) 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, together with attorneys' fees, court costs and all other expenses paid and incurred by the Association in collecting such unpaid Assessments and/or (ii) enforce the lien created pursuant to Sections 8.01 and 8.07(c) hereof in the manner hereinafter provided.

(c) There is hereby created a continuing lien on each Lot and all Improvements thereto, with power of sale, which secures the payment to the Association of any and all Assessments levied against or upon such Lot, 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 collecting any Assessments. If any portion of any Assessments remains unpaid for more than 30 days from the statement billing date, then the Association, through the Board or any officer or authorized representative thereof, may, but shall not be obligated to, make written demand on such defaulting Owner, which demand shall state the date and amount of delinquency. Each default shall constitute a separate basis for a demand and claim of lien, but any number of defaults may be included in a single demand. If such delinquency is not paid in full within ten (10) days after the giving of such demand or, even without giving demand, the Association may file a claim of lien and perfect its lien against the Lot of such delinquent Owner, which claim shall be executed by any member of the Board or any officer of the Association, contain the following information and be recorded in the Office of the Judge of Probate of Shelby County, Alabama:

- (i) The name of the delinquent Owner;
- (ii) The legal description and street address, if any, of the Lot upon which the lien claim is made;

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

(iv) A statement that the claim of lien is made by the Association pursuant to this Declaration and is claimed against such Lot (and all Improvements thereto, if any) in an amount equal to that stated therein.

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

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

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

ARTICLE IX

CASUALTY AND CONDEMNATION

9.01 DAMAGE OR DESTRUCTION. In the event of any fire or other casualty which damages or destroys any portion of any Lot or any Improvements thereto, then the Owner of such Lot shall promptly repair and otherwise restore such Lot and the Improvements thereto 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 all applicable 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 and shall be diligently prosecuted to completion without further delay in accordance with all of the terms and provisions of this Declaration.

9.02 CONDEMNATION. In the event that all or any portion of a Lot or any Improvements thereto are 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 shall promptly repair, reconstruct, rebuild and otherwise restore the remaining portions of the Lot and all Improvements thereto as nearly as practicable to the condition to which the same existed immediately prior to such taking; provided, however, that if restoration is impracticable or would otherwise violate any of the terms and provisions of this Declaration, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such taking and shall leave such Lot and any remaining Improvements thereon in a clean, orderly, safe and sightly condition.

ARTICLE X

TERM AND AMENDMENTS

10.01 TERM. The terms, covenants, conditions and restrictions set forth in this Declaration shall run with and bind all of the Property, shall inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, personal representatives, administrators, successors and assigns, and shall be and remain in effect for a period of ninety-nine (99) years from and after the date hereof, after which time this Declaration shall be automatically renewed and extended for successive and continuous periods of ten (10) years each, unless, at any time after ninety-nine (99) years from the date hereof, an agreement executed by the Owners of at least seventy-five percent (75%) of all Lots or Dwellings within the Property agreeing to terminate or modify this Declaration has been recorded in the Office of the Judge of Probate 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 AMENDMENTS. Subject to the remaining provisions of this Section 10.02, amendments to this Declaration may be adopted only by the affirmative vote of (a) fifty-one percent (51%) of those Owners (including Developer who shall have the voting rights attributable to any Lots or Dwellings owned by Developer) who are voting either in person or by proxy at either a duly constituted meeting of the Owners held in accordance with the terms and provisions of the Bylaws or who are voting in a ballot vote submitted to the Owners pursuant to the terms and provisions of the Bylaws and (b) Developer, to the extent any such amendment is being made prior to the occurrence of the Turnover Date. Notwithstanding the foregoing, Developer shall have the right to amend this Declaration to add Additional Property to the terms of this Declaration and otherwise exercise its rights pursuant to Section 2.05 of this Declaration without any requirement that any Owner or Mortgagee consent to such action or amendment. Any other attempt to amend this Declaration shall be deemed null and void. Any and all amendments which have been approved in accordance with the terms and provisions of this Section 10.02 shall be executed by all parties whose consent to the same is required; provided, however, that in the alternative, the sworn statement of the President of the Association or by the Chairman of the Board, if any, stating unequivocally that the agreement of the requisite number of Owners was lawfully obtained may be attached to and incorporated into such amendment without joinder of any of the Owners. Any such amendment shall be effective upon recording of the same in the Office of the Judge of Probate of Shelby County, Alabama.

ARTICLE XI

MISCELLANEOUS PROVISIONS

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

11.02 CAPTIONS AND HEADINGS. The captions and headings contained in this Declaration are for convenience of reference only and shall not be used in the construction or interpretation of any provisions of this Declaration. The table of contents, cover page and any index to this Declaration are for convenience of record only and shall not define or limit any of the terms and provisions hereof.

11.03 PRONOUNS AND PLURALS. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders. The use of the singular tense shall include the plural and the use of the plural shall include the singular.

11.04 BINDING EFFECT. The terms and provisions of this Declaration shall be binding upon each Owner and Mortgagee and their respective heirs, executors, administrators, personal representatives, successors and assigns, and shall inure to the benefit of Developer, the Association, the ARC, all of the Owners and their respective Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns.

11.05 CONFLICT OR AMBIGUITY. In the event of any conflict, ambiguity or inconsistency between the provisions of this Declaration, the Articles of Incorporation or the Bylaws, then the provisions of this Declaration, the Articles of Incorporation and the Bylaws, in that order, shall prevail and each Owner, by acceptance of a deed or other conveyance to a Lot, covenants and agrees to vote in favor of and execute any amendments as may be necessary to remove or alleviate any such conflict, ambiguity or inconsistency.

11.06 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.

11.07 INDEMNIFICATION. The Association shall and does hereby indemnify, defend and agree to hold each and every member of the Board, and each and every officer, agent and representative of the Association, including each member of the ARC, harmless from and against any and all expenses, including court costs and reasonable attorneys' fees, suffered, paid or incurred by any of them in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding). The members of the Board and the officers, representatives and agents of the Association, including, specifically, the members of the ARC, shall not be liable for any mistakes in judgment, negligence or otherwise, except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The members of the Board and the officers, agents and representatives of the Association, including the members of the ARC, shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association. The Association shall maintain adequate general liability and, to the extent financially feasible, officers' and directors' liability insurance in order to fulfill its obligations hereunder.

11.08 RIGHTS OF THIRD PARTIES. This Declaration shall be recorded for the benefit of Developer, 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 its operation and

continuation, in the enforcement of any of the provisions of this Declaration or the right to consent to or approve any amendment or modification to this Declaration.

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

11.10 NO PARTITION. Each Owner hereby waives any right to seek or obtain judicial partition of any portion of the Property.

11.11 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.

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

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

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

11.15 NO WAIVER. All rights, remedies and privileges granted to Developer, the Association and the ARC pursuant to the terms and provisions of this Declaration shall be deemed to be cumulative and the exercise of any one or more of such rights, remedies or privileges shall not be deemed to constitute an election

of remedies nor shall it preclude the party exercising the same, or any other party, from pursuing such other and/or additional rights, remedies or privileges as may be available to such party at law or in equity. The failure by Developer, the ARC or the Association 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 this Declaration to be duly executed as of the day and year first above written.

Rodney E. Davis
Rodney E. Davis

A. Neal Shirley

STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned, a notary public in and for said county in said state, hereby certify that Rodney E. Davis, 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 20 day of October, 2003.

Paula Head
Notary Public
My commission expires: 01-19-2004

STATE OF ALABAMA
COUNTY OF SHELBY

I, the undersigned, a notary public in and for said county in said state, hereby certify that A. Neal Shirley, 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 _____ day of _____, 2003.

Notary Public
My commission expires: _____

Exhibit "A"

Lots 501-530 WindStone Phase 5 Map Book 31 Page 60