

~~SECTOR~~
COTTAGES OF SARATOGA ~~PHASE II~~
(TOWNHOMES LOTS _____ THRU _____)
DECLARATION OF PROTECTIVE COVENANT, RESTRICTIONS, EASEMENTS,
RIGHTS AND LIENS

This Declaration is made this the 17 Day of September 2004
by Pilot Development, LLC, the owner of the property (hereinafter "Declarant") which
property is to be developed as a residential subdivision known as the Cottages of
Saratoga.

Whereas Declarant is the owner in fee simple of certain real property described as
follows: (hereinafter "Real Estate")

~~SECTOR~~
Cottages of Saratoga, ~~Phase II~~, as recorded in Map Book 34 Page 12 in the
Probate Office of Shelby County, Alabama.

Whereas, the Declarant intends to develop the Real Estate and Common Area (Real
Estate and Common Area hereinafter the "Property") pursuant to a general subdivision
plat covering the property and subject to certain protective covenants, restrictions,
easements, rights, equitable servitude's, liens and charges all running with the land.

Whereas, the plan for the property provides for the Real Estate to be subdivided into lots
on which single family dwellings (townhomes) will be built (hereinafter lots as "lots") in
accordance with the zoning rules and regulations of Calera, Alabama.

Therefore, in order to enhance and protect the value and attractiveness of the Property
and in furtherance of the plan, therefore all of the Property shall be subject to the
following:

PART I
DEFINITIONS

1. Association – shall mean and refer to the Cottages of Saratoga Homeowner's
Association, Inc. and its successors and assigns.
2. Owner – shall mean the owner of record, whether individual or entity but shall exclude
those with only a security interest of mortgage.
3. Property – the property herein described with such additions as may be brought under
the Association.
4. Common Area – all real property, including improvements, sign easements, light
poles, storm water drainage easements, utility easements and rear service drives to be

owned by the Association. The Common Area to be owned by the Association at the time the last lot is conveyed and is designated Common Area on the recorded record map. The maintenance of the Common Area shall be the sole responsibility of the Homeowner's Association.

5. Lot – any plot of land with any improvements as shown on the record map.
6. Declarant – Pilot Development, LLC, and its successors and assigns if its successors shall acquire more than one undeveloped lot from the Declarant for the purpose of development.
7. Maintenance – reasonable care to keep the lots and common area in condition comparable to the original condition. All drainage structures shall be constructed and maintained according to the various regulations of Shelby County.
8. Articles – as recorded.
9. By-Laws – as recorded.

PART 2 PROPERTY RIGHTS

1. OWNER'S EASEMENT OF ENJOYMENT – Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be included to and shall pass with the title to every lot, subject to the following provisions.

- A. All provisions of this Declaration, any map or plat of the Property, and articles and the by-laws.
- B. Rules and Regulation in connection with the Common Area.
- C. The rights of the Association to convey or dedicate any part of the Common Area to any public authority or utility. This shall require the signature of 2/3 members of the Association.
- D. Easements for installation of utilities, drainage and sign easements.

2. DELEGATION OF USE - Any owner may delegate right to use Common Area to family, tenants or contract purchasers.

3. RIGHT OF ENTRY – Declarant or successors or assigns through agents has a right to reenter after reasonable notice to maintain any lots but nothing herein shall be deemed a requirement for Declarant to perform any maintenance.

PART 3
COTTAGES OF SARATOGA HOMEOWNER'S ASSOCIATION, INC.

1. The Structure of the Association is contained in its Articles of Incorporation and By-Laws which should be consulted for a full explanation of the rights and obligations concerning membership in the Association.
2. Every owner of a lot shall be a member of the Association.
3. Each lot owner shall be entitled to one vote, which is not divisible. The vote shall be cast by the Lot Owner, in the manner provided for herein and in the By-Laws. Provided however, that until four (4) months after the Declarant completed and sold 75% of the lots if all phases of the Planned Unit Development, or until first (5) years from the date the first lot is sold, or until Declarant elects to terminate its control of the Planned Unit Development, whichever shall first occur, the Bylaws and rules adopted by Declarant shall govern and there shall be no meeting of the members of the Association, unless a meeting is called by the Board of Directors of the Association, and neither the Lot Owners nor the Association, nor the use of the Planned Unit Development property by Lot occupants shall interfere with the completion of the contemplated improvements and the sale of the lots. The Declarant may make such use of the unsold lots and the Common Areas and facilities as may facilitate the completion and sale, including, but not limited to, showing the property and display of signs. Thereafter, the Lot Owners shall have control of the Association.

Each Owner shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. However, in no event shall more than one vote be cast with respect to any one lot.

PART 4
COVENANT FOR MAINTENANCE ASSESSMENT

1. CREATION OF LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS – Each owner by acceptance of the deed is deemed to covenant to pay the Association (1) annual assessment (2) special assessment for capital improvements. Any assessments with interest, costs and reasonable attorney's fees shall be a charge on the land and shall be continuing lien upon the property and same shall be personal obligation of the Owner of such lot.

2. PURPOSE OF ASSESSMENTS – shall be used to promote the health, safety, welfare and association of the residents.

3. MAXIMUM ANNUAL ASSESSMENTS – Until January 1st of the year immediately following the conveyance of the last lot to an Owner, the maximum annual assessment shall be \$100.00.

A. At the time of homebuyers closing, the homebuyer will be responsible for the prorated portion from the day of closing until the end of the fiscal year.

B. Annual Assessments may be increased above 5% by a vote of 2/3 of members of the association in person or proxy, at a meeting duly called for this purpose. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

4. SPECIAL ASSESSMENT FOR CAPITAL IMPROVEMENTS – The Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part the cost of any construction, repair or replacement of any capital improvement upon the Common Area, provided that any such assessment shall have the assent by 2/3 of the votes of the lots owned by members of the Homeowner's Association.

PART 5 ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be erected, placed or altered on any lot until the construction and plans and specifications and a plan showing the location of the structure have been approved by the architectural control committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No fence or wall shall be erected, placed or altered on any lot nearer to any street than the minimum building setback line unless similarly approved.

Neither the Architectural Committee, nor any agent therefore nor the Declarant shall be responsible to check for any defects in any plans and specifications submitted, revised, reviewed, or approved according to the above.

Neither the Architectural Committee nor any member nor the Declarant shall be liable to any owner or any party for damages or loss suffered of account or approval or disapproval of any plans, whether or not defective or the filing of any action whether or not the facts stated therein are true and correct.

The architectural control committee is composed of James L. Dupree, Jr., Anthony Jones and Martin Clem. A majority of the committee may designate a representative to act for it. In the event of the death or resignation of any member of the committee, the

remaining members shall have full authority to designate a successor. Neither the members of the committee, nor its designated representative, shall be entitled to any compensation for services performed pursuant to this covenant.

The committee's approval or disapproval as required in these covenants shall be in writing. In the event the committee, or its designated representative, fails to approve or disapprove within 30 days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have fully been complied with.

The owner proposes to construct on each of the aforesaid lots a townhouse. In the matter of the construction and completion of each said townhouse certain eaves, roof overhangs, brick veneer or other wood siding or other building materials that may be attached to the structural walls will or may encroach over onto either the air space or the real estate of an adjoining or contiguous lot. There is hereby created on each of said lots so affected an easement for said encroachments or overhangs created by said construction. In addition to the valid easements for each of said encroachments or overhangs there is also granted the right to maintain and repair the same so long as said encroachments and overhangs shall and do exist. In the further event that any structure comprising a said townhouse is totally destroyed and then rebuilt, the owners of said townhouse so affected agree that said encroachments and easements shall be permitted in the matter of the reconstruction and the right of maintenance shall continue to exist.

PART 6 EXTERIOR MAINTENANCE

In the event an owner of a lot in the property shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors of the Association, after the approval by 2/3 vote of the Board of Directors, shall have the right to enter upon said parcel and to repair, maintain and restore the Lot and exterior of any improvements thereon. The cost of such exterior maintenance shall be added to the assessment to which such lot is subject.

PART 7 GENERAL RESTRICTIONS

1. Land Use – The Real Estate shall be used exclusively for residential purposes. Only a single family residence shall be constructed not more than (1) one story in height. No building shall be used for any business, commercial, manufacturing, warehousing or other non residential purpose, except, Declarant may use property as a model home site and may operate display and sales offices for so long as Declarant owns any portion of the property.
2. Parking – No automobile, truck, house trailer, camper, boat, dune buggy, ATV or any other type vehicle shall be parked or maintained in any permanent basis on any lot. Only

vehicles used for day to day transportation for the property owners and their families may be kept on the property.

3. Dwelling Size – Every dwelling must contain not fewer than 1000 square feet of heated space.

4. Nuisances – no noxious or offensive activity, or activity which has or may become an unreasonable nuisance or annoyance to any lot owner shall be conducted or permitted. No loud noises or noxious odors shall be emitted or permitted on the property.

5. Temporary Structures – No out building, tent, shack or shed of any kind shall be placed upon any portion of the property, either temporarily or permanently or than those placed temporarily by Declarant. All fire wood must be stored behind the residence.

6. Signs and Antennas – No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion on any property. Except sale or rent signs no larger than 3 square feet. No television, satellite dish or other antenna shall be placed or erected on the exterior of any residence without prior approval of Architectural Committee.

7. Oil and Mining – No exploration, drilling, development, refining, mining, or quarrying of any kind shall be permitted. No wells, tanks, tunnels, surface mines or underground mines shall be permitted.

8. Animals – No animals, livestock or poultry shall be kept for any reason, except the usual and ordinary household pets such as dogs, cats, fish and birds provided these animals cannot be bred or maintained for any commercial purpose in an unreasonable manner.

9. Garbage – No garbage, rubbish or wastes shall be dumped or maintained on the property. All such garbage shall be kept in sanitary containers and no odors shall be permitted.

PART 8 SPECIAL RESTRICTIONS AFFECTING COMMON AREAS

1. Declarant expressly reserves the right to create additional non-exclusive easements, drainage easements, water retention easements, sewer easements and ingress and egress easements regardless of whether Declarant has conveyed any of the lots to individual owners.

2. The Association shall have the right to maintain the Common Areas and facilities within the Property which serve the Owners regardless of whether such Common Areas are owned by the Declarant or have been conveyed to the Association.

3. Entranceway improvements, property rights of way and rear service/access drives shall be kept and maintained, by and at the expense of the Association as part of the Common Area, in the manner originally constructed and installed and same are hereby declared to be part of the Common Area. In no event shall any portion of the items listed in this paragraph be modified, removed or extended in scope without prior written consent of the owners of the affected Parcel and the Association.

4. The Common Area cannot be mortgaged or conveyed without the consent of 2/3 of the Lot Owners, excluding the Declarant.

PART 9 ROADS AND STREETS

1. CONVEYANCE TO THE ASSOCIATION – The Association shall have the right to maintain and help maintain the roads and streets within the Property regardless of whether they have been dedicated to the public, owned by the Declarant or have been conveyed to the Association. Declarant shall have the right to dedicate all or any of the roads and streets to the public. Declarant is under no duty or obligation express or implied to maintain the roads and streets within the Property. The Association shall have the right to maintain any and all public roads and streets within the Property and subject to the assessment provisions hereof, may charge fees or assessments as the Association deems for the proper maintenance thereof.

PART 10 GENERAL

1. GRANTEE'S ACCEPTANCE – The grantee of any parcel subject to this Declaration, by acceptance of the deed or conveyance whether from the Declarant or subsequent owner shall be subject everything contained within this document.

2. INDEMNITY FOR DAMAGES – Each and every owner and future owner of any part of the Property in accepting the deed or conveyance agrees to indemnify Declarant and the Association from and against any (i) damage caused by such Owner, contractor or agent to roads, streets, gutters, walkways or other aspect of public ways, including all surfaces thereon, or to water, drainage or storm sewer lines or sanitary sewer lines owned by the Declarant or Association (ii) any loss or damage, claim liability that the Declarant or Association may suffer including costs of defense and attorney's fees arising out of breach or violation of the provisions of this Declaration.

3. SEVERABILITY – Every provision herein is independent of and severable from the rest of the provisions and invalidity of any one or more of the provisions shall in no way affect the other provisions which shall remain in full force and effect.

4. RIGHT OF DECLARANT TO MODIFY RESTRICTIONS WITH RESPECT TO ANY UNSOLD PARCELS – Declarant may include in any contract or deed hereinafter

made such modifications and/or additions to this Declaration as Declarant in its sole discretion desires.

5. DECLARANT'S RIGHT TO REMOVE PORTIONS OF THE PROPERTY – Declarant shall have the right, at any time, to remove from the provisions of this Declaration, the Articles and Bylaws, any portion or portions of the Property as Declarant might determine.

6. ENFORCEMENT – In the event of a violation or breach of any provision of this Declaration by any owner, agent or assignee of any kind, the Owners, Association, Declarant their successors or assigns or any other party shall have the right to proceed at law or equity to compel compliance with the terms and conditions hereof, to prevent the violation or breach of said restrictions and provisions, to sue for and recover damages to other dues, or to take all such courses of action at the same time or such other legal remedy it may deem appropriate. No delay or failure on the part of an aggrieved party to initiate an available remedy set forth herein shall be deemed a waiver of that party or an estoppel of that party or of any other party to assert any right available to him upon the recurrence or condition of said violation. In addition, Mortgages are not required to collect assessments. Failure to pay assessments does not constitute a default under an insured mortgage or any mortgage.

7. CERTIFICATION OF VIOLATION – In addition to any other rights or remedies available to the Association hereinunder or at law or equity, the Association shall the right to file in the Probate Office of Shelby County, Alabama a CERTIFICATE OF NOTICE OF VIOLATION of this Declaration, (which violation may include, without limitation, non payment of the fees, assessments or charges, or failure to comply with architectural guidelines) upon failure of an Owner to correct a violation of this Declaration with 10 days after written notice of the violation has been given by the Association the Parcel Owner. Any such lien shall be subordinate to the lien of any first mortgage.

8. ASSIGNMENT BY ASSOCIATION – The Association shall have the right to assign its rights and properties to a successor non-profit membership corporation and in such event the assets shall be dedicated to a public body or conveyed to a nonprofit organization with similar purposes.

9. NO WAIVER – The failure of any party to enforce any of the provisions of this Declaration shall in no event be considered a waiver of the right to do so thereafter as to any violation or breach.

10. AMENDMENT – The approval of 2/3 of the lot owners is required to amend the covenants.

In Witness Whereof, the undersigned has duly executed this Declaration as of the date first above written.

By: James L. Denpree SEAL

STATE: ALABAMA
COUNTY:

I, the undersigned authority, a Notary Public, in and for said county and in said state, hereby certify that James L. Denpree

_____,
and whose name(s) is/are signed to the foregoing conveyance, and who is/are known to me, acknowledged before me on this day that, being informed of the contents of said conveyance, he/she, with full authority, executed the same voluntarily for and as the act of said corporation.

2004 Given under my hand and official seal this 17 day of September

Karen H. Spivey
Notary

My Commission Expires:

KAREN H. SPIVEY
NOTARY PUBLIC
MY COMMISSION EXPIRES:
AUGUST 19, 2006