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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

**FOR**

**APPLEFORD**

(a Hillsboro Community)

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**THIS DECLARATION** is made this 20<sup>th</sup> day of November, 2006, by United States Steel Corporation ("USS" or "Declarant"), a Delaware corporation.

Declarant is the developer of that certain planned community located in Shelby County, Alabama and known as Hillsboro. A portion of Hillsboro, as described on "EXHIBIT A" attached hereto, is being developed as the community of "Appleford." Declarant is also the owner of certain real and personal property in Appleford which is operated as the "Appleford Swim Club". The Appleford Swim Club is a part of the Appleford community which is devoted to recreational use, including, without limitation, a clubhouse and swim facilities, and shall have special rules and regulations which apply to the use of Appleford Swim Club property. Declarant intends by this Declaration to provide for the administration, maintenance, preservation, use and enjoyment of said property and to establish a system of mutually beneficial covenants, conditions, and restrictions for the benefit of all present and future owners of lots in Appleford.

Declarant hereby declares that any part of the real property described or depicted as "Appleford" on "EXHIBIT A" to this Declaration which becomes subject to these Restrictions, together with such additional real property as is hereafter subjected to this Declaration in accordance with Article 5, shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, liens and other provisions of this Declaration. This Declaration shall run with title to and shall be binding on all Persons having any right, title, or interest in all or any portion of such real property, their respective heirs, legal

representatives, successors, successors-in-title, and assigns, and shall inure to the benefit of each and every owner of all or any portion thereof.

## ARTICLE 1

### DEFINITIONS

  
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1.1 "Articles": The articles of incorporation of Appleford Swim Club, Inc., an Alabama not for profit corporation, as filed with the Probate Office in Shelby County, Alabama.

1.2 "Board": The governing body of the Appleford Swim Club, Inc., the members thereof to be duly appointed or elected as provided in the By-Laws and generally filling the normal role of a board of directors under Alabama corporate law.

1.3 "Builder": Any Person which purchases one or more Lots or other real property in Hillsboro for the purpose of constructing a single family dwelling and other improvements for sale to consumers or other parties and is a participating builder in the Hillsboro Builder Program.

1.4 "By-Laws": The by-laws of Appleford Swim Club, Inc., as they may be amended from time to time.

1.5 "Club": Appleford Swim Club, Inc., an Alabama nonprofit corporation, its successors or assigns.

1.6 "Club Property": All of the real and personal property described or depicted on "**EXHIBIT B**" leased or conveyed by USS to the Club as it may be amended from time to time, and such other real and personal property and improvements thereon as may be owned or leased by the Club or USS and made available for use by the Club and its Members for recreational, athletic, social or related purposes from time to time.

1.7 "Family Unit": A husband and wife, or head of household, and dependent children, if

any, under the age of twenty-one (21) (or such other dependent persons under the age of twenty-four (24) with respect to full-time students) who are actually domiciled in the household of the husband and wife or head of household.

1.8 "Lender": An institutional or governmental beneficiary or holder of a mortgage which affects title to any Lot which makes, holds, insures or guarantees mortgage loans in the ordinary course of its business.

1.9 "Lot": Any real property shown as a lot on a recorded subdivision plat which is improved with or intended for construction of a residential dwelling in Appleford, and which has been subjected to this Declaration in accordance with Article 5.

1.10 "Member": Any Owner or other Person entitled to membership in the Club, as provided in Article 2 of this Declaration and in the By-Laws.

1.11 "Owner": Any Person other than a Builder or a Lender, who holds title to any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

1.12 "Person": A natural person, a corporation, a partnership, a trustee, or any other legal entity.

1.13 "Submitted Property": All Lots which are now or hereafter made subject to this Declaration in accordance with Article 5.

1.14 "Hillsboro Covenants": The Declaration of Protective Covenants for Hillsboro (Residential) recorded in the Probate Office of Shelby County, Alabama.

1.15 "Hillsboro": That certain planned unit development developed by USS in Shelby County, Alabama.

1.16 "USS": United States Steel Corporation, a Delaware corporation, its successors and

assigns.

  
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## ARTICLE 2

### CLUB MEMBERSHIP AND VOTING RIGHTS

#### 2.1 Classes of Membership.

2.1.1 Class "A" Members. Every Owner shall be a Class "A" Member of the Club, as described in the By-Laws. There shall be only one Class "A" membership in the Club per Lot. If a Lot is owned by more than one Owner, all co-Owners shall be jointly and severally obligated to fulfill the responsibilities of Class "A" Members hereunder. Class "A" membership shall be appurtenant to and indivisible from the Lot. An Owner may temporarily assign his/her right to use the Club Property to a lessee of Owner's Lot, provided that (i) such lessee is occupying the Lot and (ii) all applicable fees, dues, assessments and other charges are paid to the Club. However, an Owner may not otherwise sell, transfer or assign his Class "A" membership separate from the Lot, and such membership shall automatically be conveyed with title to the Lot, whether or not the deed for the Lot so provides. In the event an Owner shall have assigned his/her right to use the Club Property to a lessee, such Owner shall not be allowed to use the Club Property until the assignment is terminated.

2.1.2 Class "B" Member. The sole Class "B" Member shall be USS, its successors or assigns. The Class "B" membership shall continue as long as USS, its successors or assigns, has the right to subject to this Declaration any portion of the real property owned by USS located within Hillsboro pursuant to Article 5, unless the Class "B" membership is earlier terminated by the Class "B" Member by a written, recorded instrument signed by the Class "B" Member.

2.1.3 Additional Classes of Membership. The Club shall have such additional classes of membership, including Class "C" and "D" Members, with such rights, privileges and

obligations as the By-Laws may provide from time to time, subject to the following limitations:

2.1.3.1 No class of membership shall have any greater rights to use the Club Property, nor any greater voting rights, than Class "A" and "B" Members.

2.1.3.2 No class of membership having substantially the same use rights as Class "A" Members shall be charged lower fees, dues, or assessments or other charges than are charged to Class "A" Members, except that the Club may establish a class of Honorary Members (in which there shall be no more than five (5) memberships outstanding at any time) which may pay lower dues than Class "A" Members or no dues, as the Board determines in its sole discretion.

2.1.3.3 So long as there is a Class "B" membership, no class of membership shall be created without the prior written consent of the Class "B" Member.

2.1.3.4 No class of membership shall be given any rights or authority which is inconsistent with the provisions of this Declaration.

2.1.3.5. Any such additional classes of membership shall be voluntary in nature and may be resigned by the member in accordance with such procedures and conditions as are set forth in the By-Laws.

## 2.2 Number of Memberships; Priority.

2.2.1 The Board may issue or renew additional classes of memberships to such number as the Board, in its sole discretion, believes is reasonable in light of the capacity of the facilities within the Club Property.

2.2.2 The Club may establish a waiting list for classes of membership, other than Class "A" and "B" memberships, and may establish priorities among the applicants on such waiting list based upon the class of membership for which application is made.



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2.3 Eligibility and Application Procedures.

2.3.1 Nothing herein shall be construed as a limitation on the classes of Persons to whom the Club may extend membership. The Club shall have the right to make classes of membership available to Persons who are not Owners in accordance with Section 2.1.

2.3.2 The Club shall establish in its By-Laws such application and approval procedures as it deems appropriate for each class of membership. No approval procedures shall apply to Class "A" or Class "B" Members; however, Class "A" Members shall be required to complete an application for informational purposes only. The Club shall not deny membership to any applicant based upon the applicant's race, creed, gender, age, religion, national origin, color, familial status, or handicap.

2.4 Voting Rights. The business and affairs of the Club shall be managed by the Board as described in the By-Laws. Until the Class "A" Members are entitled to elect Directors as provided in Article 7 of the Articles, the Class "B" Member shall be vested with the sole voting rights of the Club, except on matters as to which the Articles or the By Laws or the Declaration specifically require a vote of the Class "A" Members, or except on matters on which the Board specifically provides for the vote of Class "A and " Class "C" Members, or except as required by law. Members shall be entitled to vote only as specifically set forth herein or in the By-Laws. On issues requiring a vote of the Members (or one (1) or more classes thereof):

2.4.1 Class "A" Members shall have one (1) equal vote for each Lot in which they hold the interest required for membership under Section 2.1, except that no vote shall be cast for any Lot owned by a Class "A" Member until such time as assessments have commenced against the Lot pursuant to Section 4.2;

2.4.2 The Class "B" Member, if any, shall have one (1) vote for each Lot it owns;  
and

2.4.3 Each other class of Members shall have such voting rights, if any, as are assigned to it in the By-Laws, subject to the limitations set forth in Section 2.1.3 above.

### **ARTICLE 3**

#### **USE RIGHTS**

  
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3.1 General. Every Owner, and the Class "B" Member regardless of whether it is an Owner, shall have a right and nonexclusive easement of use, access and enjoyment in and to the Club Property, subject to:

3.1.1 The Hillsboro Covenants, this Declaration, the By-Laws, the Articles,  
and any rules adopted by the Club;

3.1.2 Any restrictions, limitations or rights of others contained or reserved in any deed or bill of sale conveying the Club Property or other real or personal property to the Club;

3.1.3 The right of the Board to suspend the right of any Class "A" Member to use the Club Property (i) for any period during which any annual dues or fees, dues, assessments or other charges owed by the Member remain delinquent, and (ii) for a period not to exceed thirty (30) days for a single violation, or for a longer period in the case of any continuing violation, of the Declaration, By-Laws, or rules of the Club, in accordance with procedures set forth in the By-Laws;

3.1.4 The right of the Club to permit non-Member and guest use of any of the Club Property upon payment of use fees established by the Board, and to temporarily close such facilities to Members during such use periods;



3.1.5 The right of the Board to create additional classes of membership and to extend use rights to such Members, and to establish terms, conditions, rules and procedures for the use of the Club Property by such other classes of Members, which may vary between classes;

3.1.6 The right of the Club, acting through the Board, to mortgage, pledge or hypothecate any or all of the Club Property or any other real or personal property as security for money borrowed or debts incurred; and

3.1.7 The right of the Class "B" Member to allow prospective purchasers of real property within Hillsboro or other persons selected by the Class "B" Member to use the Club Facilities upon payment of reasonable use fees established by the Board and to restrict use of all or a portion of the Club Facilities by Club Members from time to time, including, without limitation, private parties, marketing events, charity events and similar functions. Such restrictions on use may not exceed seven (7) consecutive days.

3.1.8 Notwithstanding the above, no Owner shall have any right to use the Club Property, pursuant to the easement rights set forth herein or otherwise, until such time as the obligation to pay the applicable fees, dues assessments and other charges to the Club commences on such Owner's Lot pursuant to Section 4.2.

3.2 Extension of Privileges to Family Units. Membership in the Club shall entitle the entire Family Unit of the Member to use of the Club Property in accordance with the terms and conditions of such Member's class of membership. In addition, Members shall be entitled to extend such use privileges to their guests, subject to such limitations as may be set forth in the By-Laws and subject to such rules as may be in effect from time to time. Any Class "A" Member who leases his Lot may assign his use privileges in the Club to the Family Unit residing on such Member's Lot, in accordance

with procedures established by the Club.

  
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#### ARTICLE 4

##### FEES, DUES, ASSESSMENTS AND OTHER CHARGES

4.1 Initiation Fee. Each Member, at the time such Member purchases a Lot, shall, in addition to all other fees and assessments, pay a one-time "Initiation Fee" for the use of Club Property. A Builder shall not be required to pay the Initiation Fee until the earlier of (i) two (2) years from the date of the initial Lot purchase, or (ii) the date of the closing of the sale of the house constructed on the Lot to a house purchaser. Receipt of the Initiation Fee from the Builder or from the initial purchaser of a newly-constructed house on the Lot shall satisfy the requirement for the Initiation Fee. The Initiation Fee shall be charged only to the first purchaser (and may be deferred if the first purchaser is a Builder as described above) of each Lot, and thereafter no Initiation Fee shall be charged on subsequent re-sales of such Lot. No Member shall be exempted from the Initiation Fee, including any exemption based on non-use of the Club. No Member which shall thereafter sell its Lot shall be entitled to any refund of all or any portion of the Initiation Fee. The purpose of the Initiation Fee is solely to reimburse USS for the cost of the Club (purchase and development costs). No portion of the Initiation Fee is intended for Club use for operating costs or expenses, repairs, replacements, or reserves. The initial Initiation Fee shall be \$1,000.00. The Initiation Fee may be increased by the Board as it determines in its sole discretion. The Initiation Fee shall be deposited by the Club into a separate interest-bearing escrow account at a financial institution approved by the Board and USS (the "Club Escrow Account"). Provided that a certificate of occupancy has been issued for the Club Property, at the end of each calendar quarter, and at such more frequent times as USS may request, the Club shall pay all funds in the Club Escrow Account (principal and interest) to USS as consideration for the cost of the development of the Club.

4.2 Annual Fees, Dues, Assessments, and Other Charges. The Club is hereby authorized to levy



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equal fees, dues, assessments and other charges against each Lot, in an amount to be determined by the Board from time to time, to cover the expenses of operating, maintaining and insuring the Club Property and such other expenses as may be necessary or incidental to the Club's performance of its rights and responsibilities under this Declaration, the Articles and the By-Laws, provided, however, that a Builder or Lender may be exempt from paying annual dues for a limited time as provided herein. All such fees, dues, assessments and other charges shall commence at the time set forth in Section 4.3. Each Owner, by acceptance of a deed to a Lot, covenants and agrees to pay annual dues to the Club, as well as such fees, dues, assessments and other charges as may be set by the Board pursuant to this Declaration, the By-Laws and Articles. The Club shall be authorized to establish and charge any or all classes of Members such other fees, dues, assessments and other charges as the Board deems appropriate, which may vary from class to class subject to the limitations set forth in Section 2.1.3. All such fees, dues, assessments and other charges shall be used to reduce the Club debts and expenses which otherwise would be assessed against the Owners and their Lots.

4.2.1 Membership dues shall be levied annually, but shall be payable in such manner and on such dates as the Board may establish. If the Board so elects, annual dues may be paid in monthly or quarterly installments; provided, if any Owner is delinquent in paying any annual dues or other fees, dues, assessments or other charges levied by the Club on his/her Lot, the Board may accelerate the unpaid balance and require all unpaid installments to be paid in full immediately. Other fees, dues, assessments and other charges shall be paid in such manner and on such dates as may be fixed by the Board and may differ from class to class.

4.2.2 The Club shall furnish to any requesting Owner a certificate in writing setting forth whether such Owner's fees, dues, assessments and other charges have been paid, and may charge a reasonable processing fee for the issuance of such a certificate. Such certificate shall



be conclusive evidence of payment of the assessments stated to have been paid.

4.2.3 All fees, dues, assessments and other charges, and other legal costs incurred for the collection of such delinquent account, together with interest at the rate of eighteen percent (18%) per annum (or such higher or lower rates not to exceed the highest rate allowed by Alabama law) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorney's fees and other legal costs incurred for the collection of such delinquent account, shall be a charge and continuing lien on the Lot of each Owner until paid. Each such assessment and other charges, dues and fees, together with interest, late charges, costs, and reasonable attorney's fees and other legal costs incurred for the collection of such delinquent account, shall also be the personal obligation of the Owner, and such Owner's successors-in-title to the Lot shall be jointly and severally liable for any delinquent assessment or other charges, dues or fees which are due and payable at the time of conveyance and evidenced by a perfected lien against the Lot, except no Lender who obtains title to a Lot by foreclosure or deed in lieu of foreclosure shall be liable for unpaid assessments which accrued prior to its acquisition of title.

4.2.4 No Owner may waive or otherwise exempt himself or herself from liability for the fees, dues, assessments and other charges provided for herein, including, by way of illustration and not limitation, by non-use of the Club Property or abandonment of the Lot. The obligation to pay annual dues and other fees, dues, assessments and other charges, is a separate and independent covenant on the part of each Owner. No diminution, abatement or set-off shall be claimed or allowed by reason of any alleged failure of the Club or Board to take some action or perform some function required to be taken or performed by the Club or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from

the making of repairs or improvements to the Club Property, or from any action taken to comply with any law, ordinance, or with any order of a governmental authority.

4.1.5 The Class "B" Member may satisfy its obligations hereunder in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

4.1.6 The Class "B" Member may, but shall not be obligated to, fund any operating deficit of the Club for any year or reduce the assessment for any fiscal year by payment of a subsidy, which may be treated as either a contribution or a loan in the Class "B" Member's sole discretion. In either event, the amount contributed shall be conspicuously disclosed as a line item in the Club budget and the treatment of such amount shall be made known to the membership of the Club. The funding of a deficit or payment of a subsidy in any year shall under no circumstances obligate the Class "B" Member to continue payment of such in future years.

4.3 Date of Commencement of Annual Dues. Except as otherwise provided in Section 14.3 of the By-Laws concerning a Builder or Lender, the obligation of each Owner to pay the annual dues and other fees, dues, assessments and other charges provided for herein shall commence on the first day of the first month after the date such Owner acquires title to the Lot. Annual dues shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence. Other Members shall be obligated to pay membership fees, dues, assessments and other charges commencing on such date as specified in the By-Laws.

4.4 Lien for Fees, Dues, Assessments and Other Charges. The Club shall have the right to record a lien on any Lot for unpaid fees, dues, assessments and other charges levied by the Club as provided in Section 4.3.

4.4.1 Upon recording of a lien on any Lot, there shall exist a perfected lien for

unpaid annual dues and other fees, dues, assessments and other charges levied by the Club, which lien shall also secure payment of late charges, interest, reasonable attorneys fees and other legal costs incurred for collection of same. Such lien shall be prior and superior to all other liens, except (i) the lien of Hillsboro Residential Association, Inc. pursuant to Hillsboro Covenants; (ii) the lien for taxes; bonds, assessments, and other levies which by law would be superior thereto, and (iii) the lien or charge of any first mortgage of record (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value. The Club's lien, when delinquent, may be enforced by suit, judgment, and foreclosure subject to the same procedures as established for the foreclosure mortgages under Alabama law (including nonjudicial foreclosure if permitted by Alabama law).

4.4.2 The Club, acting on behalf of the Members, shall have the right to sell the Lot at public or private sale after giving notice to the Member in accordance with applicable law, and shall have the power to bid for the Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Lot is owned by the Club following foreclosure, the membership appurtenant to such Lot shall be deemed resigned and: (i) no right to vote shall be exercised on account of such membership; (ii) no assessment shall be levied on the foreclosed Lot; and (iii) each other Owner shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Club as a result of foreclosure. Suit to recover a money judgment for unpaid fees, dues, assessments, and other charges levied by the Club late charges, interest, and reasonable attorneys fees and other legal costs incurred for collection of same shall be maintainable without foreclosing or waiving the lien securing the same.

4.4.3 The sale or transfer of title to any Lot shall not affect the lien or relieve such

Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first mortgage on such Lot shall extinguish the lien of any annual dues (or installments thereof) or other fees, dues, assessments or other charges, dues and fees which became due prior to such sale or transfer, but the Club shall have a lien on the proceeds of any such sale senior to the equity of redemption of the mortgagor. No sale or transfer shall relieve such Lot from lien rights for any annual dues or other fees, dues, assessments or other charges thereafter becoming due. Where a Lender obtains title by foreclosure or by deed in lieu of foreclosure, it shall not be personally liable for assessments against such Lot which became due prior to such acquisition of title.

## ARTICLE 5

### ANNEXATION OF ADDITIONAL PROPERTY

5.1 Annexation Without Club Approval. Declarant shall have the unilateral right to subject any real property within Hillsboro to the provisions of this Declaration and the jurisdiction of the Club until the later of (a) such time as the USS no longer owns any of the property within Hillsboro or any property which is subject to the Hillsboro Covenants; or (b) USS states that it has no such right in writing as submitted to the Club. Such annexation shall be accomplished by reference to this Declaration in the deed for a Lot or by filing a written instrument executed by Declarant in the Probate Records of Shelby County, Alabama, which deed or other instrument specifically references this Declaration and subjects the real property described therein to the terms of this Declaration. Such action shall not require the consent of any Person, other than the record owner of the real property (if not USS).

5.1.1 USS may assign this right to annex real property, provided that the assignee is the developer of at least a portion of the real property within Hillsboro, and in such event the transferee shall be substituted for the Declarant in clause (a) of Section 5.1 above.

5.2 Annexation With Club Approval. The record owner of any portion of the real property within Hillsboro may subject such real property to the provisions of this Declaration, and thereby become a Class "A" Member of the Club, provided such owner has the prior written consent of the Board. Such annexation shall be accomplished by filing a written instrument in the Probate Office of Shelby County, Alabama, executed by the owner of the real property being annexed, and signed by the president and the secretary of the Club evidencing the approval of the Board.

5.2.1 Any Owner who executes and files for record such an instrument shall be conclusively presumed to have the authority to do so and no contrary provision in any mortgage or contract between such Owner and a third party shall affect its validity.

5.3 Withdrawal of Property. So long as the USS has the right to annex additional real property pursuant to Section 5.1 above, the USS may withdraw any real property which it has subjected without the consent of any Person other than the owner of the real property to be withdrawn (if not USS).

## ARTICLE 6

### RIGHTS AND OBLIGATIONS OF THE CLUB

6.1 Maintenance. The Club shall maintain the Club Property in a clean, neat and attractive condition and in good order and repair. Such maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all recreational facilities, other structures and improvements, landscaping and other flora situated upon the Club Property, and all personal property of the Club.

6.2 Control of Club Property. The Club, subject to the rights of the Members set forth in this Declaration, shall be responsible for the exclusive management and control of the Club Property.

6.3 Personal Property and Real Property for Common Use. The Club, through action of

the Board, may acquire, hold, and dispose of tangible and intangible personal property and real property. It shall accept any property conveyed to it by Declarant and thereafter such property shall be maintained as a part of the Club Property.

6.4 Rules and Regulations. The Club, through the Board, may make and enforce reasonable rules and regulations governing the use of the Club Property, which rules and regulations shall be consistent with the rights and duties established by this Declaration and the By-Laws.

6.5 Enforcement. The Club may impose sanctions for violations of the By-Laws or Club rules in accordance with procedures set forth in the By-Laws. Such sanctions may include reasonable monetary fines and suspension of the Member's right to vote and the right to use the Club Property, in addition to such other sanctions as may be specified in the By-Laws and which are not inconsistent with this Declaration.

6.6 Implied Rights; Board Authority. The Club may exercise any right or privilege given to it expressly by this Declaration, the By-Laws, or the Articles, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, Articles, or by law, all rights and powers of the Club may be exercised by the Board without a vote of the membership.

6.7 Indemnification. Every Director and every officer, agent and committee member of the Club shall be defended, indemnified and held harmless by the Club from and against all expenses and liabilities, including reasonable attorneys fees, consultants fees, and other legal costs reasonably incurred by or imposed upon him/her in connection with any proceeding, trial, appeal, or settlement thereof, to which he/she may be a party, or in which he/she may become involved, by reason of his/her being or having been a Director, officer, agent or committee member of the Club, whether or not he/she is a Director, officer, agent or committee member at the time such expenses are incurred, except in such cases

wherein the Director, officer, agent or committee member is adjudged guilty of wilful misfeasance or malfeasance in the performance of his/her duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being for the best interest of the Club. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director, officer, agent or committee member may be entitled.

6.7.1 The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Club (except to the extent that such officers or directors may also be Members of the Club). The Club shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Club shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

6.8 Insurance. The Club, or its duly authorized agent, shall have the authority to obtain and shall maintain at all times property insurance on all insurable improvements on the Club Property, commercial liability insurance, directors and officers insurance, and such other insurance as the Board deems advisable. As long as USS is a Class "B" Member, all insurance policies shall list USS as an "additional insured" on a primary and non-contributory basis.

6.9 Relation with Other Clubs. The Club may enter into agreements, contracts or reciprocal use programs with other Persons (by way of example and not limitation, other clubs or civic organizations) by which the Club Property is made available to the members or authorized users of recreational facilities owned or controlled by such Persons in exchange for the right of Club Members (or one or more classes of Members) to obtain access to such recreational facilities.

6.10 Litigation Prevention. After termination of the Class "B" Membership, no judicial or administrative proceeding shall be commenced or prosecuted by the Club unless approved by a vote of sixty-seven percent (67%) of the total Class "A" votes in the Club. This Section shall not apply, however, to (a) actions brought by the Club to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of fees, dues, assessments or other charges as provided in Article 4; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Club in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

## ARTICLE 7

### GENERAL PROVISIONS

7.1 Term. The covenants and restrictions of this Declaration shall run with and bind all of the Submitted Property, and shall inure to the benefit of and shall be enforceable by the Club and by the owners of any portion of the Submitted Property, their respective legal representatives, heirs, successors, and assigns, until December 31, 2037, after which time they shall, subject to the provisions of applicable law, either be: (a) automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Members, has been recorded within the year preceding the beginning of any ten (10) year extension period, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein; or (b) extended as otherwise provided by law. Every Owner of or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by submitting such real property to this Declaration or accepting any conveyance of any portion of the Submitted Property, agrees that the covenants and restrictions of this Declaration may be extended and renewed as provided in this Section.

7.2 Amendment. So long as there is a Class "B" Member, this Declaration may be amended only upon recommendation of the Board and subsequent approval of the Class "B" Member. After the termination of the Class "B" membership as provided in Section 2.1(b), this Declaration may be amended upon recommendation of the Board and subsequent approval at a regular or special meeting of the members by the affirmative vote of at least sixty seven percent (67%) of the total Class "A" votes represented and cast in person or by proxy at such meeting.

7.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.



7.4 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

7.5 Conflicts. If there are conflicts between the provisions of Alabama law, the Articles, this Declaration, and the By-Laws, the provisions of Alabama law, this Declaration, the Articles, and the By-Laws (in that order) shall prevail.

7.6 Compliance. Every Owner and authorized user of the Club Property shall comply with all lawful provisions of this Declaration, the By-Laws and rules and regulations of the Club. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Club or, in a proper case, by any aggrieved Owner or Owners, in addition to such sanctions as may be authorized by the By-Laws.

7.7 Exhibits. All of the exhibits attached to this Declaration are incorporated herein by this reference.



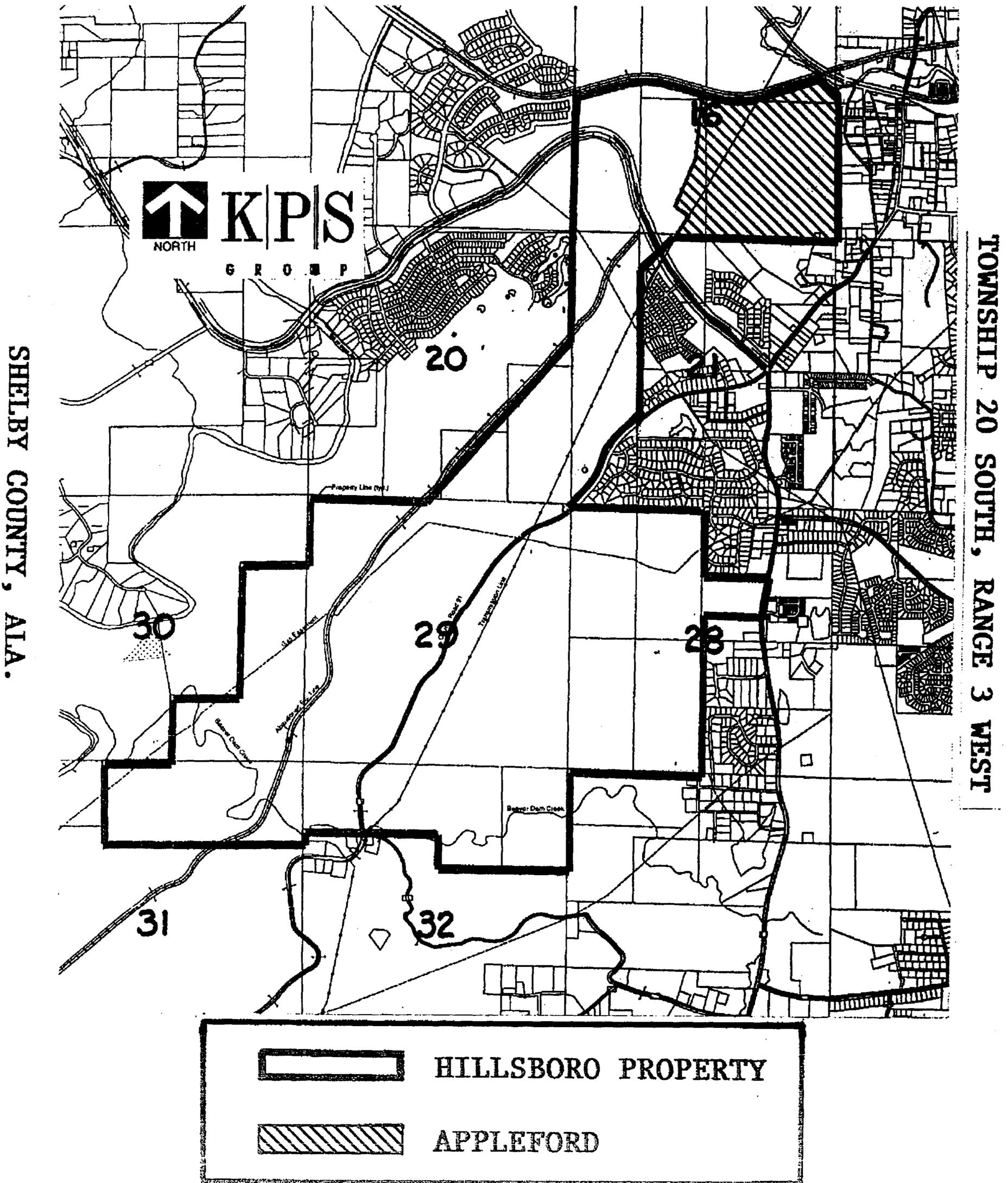
**EXHIBIT A**

**DESCRIPTION OF HILLSBORO PROPERTY**



20061121000567600 23/25 \$83.00  
Shelby Cnty Judge of Probate,AL  
11/21/2006 08:33:35AM FILED/CERT

# EXHIBIT A



**EXHIBIT B**

  
20061121000567600 25/25 \$83.00  
Shelby Cnty Judge of Probate, AL  
11/21/2006 08:33:35AM FILED/CERT

**Description of Club Property**

1. Swimming pool and related equipment
- 2) Cabana
- 3) Pool deck
- 4) Restrooms
- 5) Parking
- 6) Utilities
- 7) Real Property (description of which will be provided to the Club by USS at a later date)