

**DECLARATION OF CONDOMINIUM
OF
THE LOFTS AT EDENTON, A CONDOMINIUM**

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EXHIBITS

- Exhibit "A" Legal Description of the Condominium Property
- Exhibit "B" Property Subject to Rights of Withdrawal
- Exhibit "C" Bylaws of the Association
- Exhibit "D" Plat and Plans of the Condominium
- Exhibit "E" Percent Ownership of Common Elements, Common Expense Liability and
 Votes
- Exhibit "F" Certificate of Substantial Completion of Structural and Mechanical
 Systems
- Exhibit "G" Easements and Restrictions of Record


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**DECLARATION OF CONDOMINIUM
OF
THE LOFTS AT EDENTON, A CONDOMINIUM**

THIS DECLARATION is made this 24th day of February, 2010, by Cahaba Beach Investments, LLC, an Alabama limited liability company (the "Developer"), pursuant to the provisions of the Alabama Uniform Condominium Act of 1991, CODE OF ALABAMA 1975 §§ 35-8A-101 *et seq.* (the "Act"), for the purpose of forming a condominium and establishing certain easements, covenants and restrictions to run with the land:

WITNESSETH:

WHEREAS, Developer is the owner of certain real property located in Shelby County, Alabama, more particularly described on Exhibit "A" attached hereto, on which are currently located containing two (2) buildings, one building containing four (4) Units and one building containing nine (9) Units for a total of thirteen (13) townhome style dwellings in accordance with the Plat and Plans of The Lofts of Edenton, A Condominium, prepared by Robert W. Easley, IV on January 21, 2010, and Dungan & Nequette Architects, Inc. on FEB. 24th, 200 2010 and recorded in Map Book 41, page 110A-110I in the Office of the Judge of Probate of Shelby County, Alabama, a copy of which is attached hereto as Exhibit "D" (the "Property" or "Condominium Property");

WHEREAS, it is the desire and intention of the Developer, by recording this Declaration, to establish a Condominium (as defined in the Act) to be known as **THE LOFTS AT EDENTON, A CONDOMINIUM**, under the provisions of the Act and to impose upon the real property covered hereby mutually beneficial restrictions under a general plan for the benefit of all of the Units contained therein and to be added thereto and the Owners thereof; and

WHEREAS, Developer desires to reserve unto itself specified development rights set forth herein including the right to create Additional Units in the Condominium on the Common Elements as set forth below and the right to withdraw all or portions of certain property from the Condominium as described on Exhibit "B" and as identified on the Plat attached hereto as Exhibit "D."

NOW, THEREFORE, Developer, upon recording hereof, does submit that certain real property situated in Shelby County, Alabama more particularly described on Exhibit "A" attached to this Declaration, together with any improvements thereon, and owned by the Developer in fee simple absolute to the provisions of the Alabama Uniform Condominium Act of 1991 to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, improved and in any other manner utilized subject to the provisions of said Act and subject to the covenants, conditions, restrictions, uses, limitations, reservation of development rights, and affirmative obligations set forth in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the improvement of said Property and the division thereof into condominium ownership and all of which shall run with the land and shall be binding on all parties (including Owners as hereinafter defined) having or acquiring any right, title or interest in said Condominium or any part thereof, and shall be for the benefit of each Owner of any portion

of said Condominium or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest to the Owners thereof. The real property to be submitted to the Act upon the recording hereof is legally described on Exhibit "A" and graphically depicted on Exhibit "D" attached hereto and is owned by the Developer in fee simple absolute.

ARTICLE I

DEFINITIONS

1.1 **Definitions.** Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefore:

(a) **"Act"** shall mean the Alabama Uniform Condominium Act of 1991, CODE OF ALABAMA §§ 35-8A-101 *et seq.*, as the same may be amended from time to time.

(b) **"Additional Units"** shall mean the seven (7) Additional Units that the Developer is obligated to build and create as shown on the Plat and labeled "MUST BE BUILT" which must be built and submitted to the Condominium as set forth herein and up to eighty (80) Additional Units the Developer may create on the Common Elements labeled "NEED NOT BE BUILT" on the Plat which may be built and submitted to the Condominium as set forth herein.

(c) **"Association"** shall mean THE LOFTS AT EDENTON CONDOMINIUM ASSOCIATION, INC., a nonprofit corporation organized pursuant to the Alabama Nonprofit Corporation Act, CODE OF ALABAMA §§ 10-3A-1 *et seq.*, of which all Unit Owners shall be Members and which corporation shall administer the operation, management, maintenance, control and administration of the Condominium Property.

(d) **"Board of Directors"** or **"Board"** shall mean the Board of Directors of the Association, elected pursuant to the Bylaws of the Association.

(e) **"Bylaws"** shall mean the set of Bylaws, a copy of which is attached hereto as Exhibit "C," recorded simultaneously with this Declaration, providing for the self-government of the Condominium Property by the Association in accordance with § 35-8A-301 of the Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Act.

(f) **"Common Elements"** shall mean and include the following:

(i) The Land;

(ii) The structural components of the buildings in which the Units are located including the roofs, the foundations, structural systems, load bearing walls, perimeter walls, structural slabs, beams and supports;

(iii) The installations of central services such as power, lights, electricity, water, reservoirs, and sewer, sprinkler systems and specifically including any storm water/surface water control, detention and drainage system, and all similar devices

and installations existing for common use, but excluding all installations of utilities and services which serve only one Unit;

(iv) The premises and facilities, if any, used for the maintenance or repair of the Condominium;

(v) The signs, entrance way, parking areas, streets and roads, retaining walls, exterior lighting, walkways, greens, buffer areas, yards, and landscaped areas;

(vi) All easements, rights or appurtenances affecting or relating to the use of the Condominium Property, unless specifically included on any Unit; and

(vii) All other elements (other than the Units) desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property.

(g) **"Common Expenses"** shall mean the expenses arising out of the ownership of the Common Elements for which the Owners are liable to the Association and shall include, but not be limited to, expenses of administration of the Condominium Property; expenses of insurance; expenses of maintenance, operation, repair, replacement, rehabilitation, restoration, renovation and betterment of the Common Elements, and any portion of a Unit maintained by the Association; any valid charge against the Condominium Property as a whole including, but not limited to, the obligation to pay for the maintenance and repair of roadways and utility lines which serve but are not located on the Condominium Property as may be set forth in the land records of Shelby County, Alabama; and expenses declared to be Common Expenses by the provisions of the Condominium Documents, as the same may be amended, from time to time, in accordance with the provisions thereof.

(h) **"Condominium Documents"** shall mean the Declaration of Condominium and all Exhibits hereto, the Bylaws, the Articles of Incorporation and the Rules and Regulations of the Association, as the same shall be amended from time to time.

(i) **"Declaration of Condominium"** or **"Declaration"** shall mean this instrument and all Exhibits hereto as it, from time to time, may be amended.

(j) **"Developer"** or **"Declarant"** shall mean Cahaba Beach Investments, LLC, an Alabama limited liability company, its successors and assigns, other than a Unit Owner, who shall receive by assignment from the said Developer all, or a portion of its rights hereunder as such Developer, by an instrument expressly assigning such rights as Developer to such assignee.

(k) **"Land"** shall mean the parcels or tracts of real estate described in Exhibit "A" to this Declaration, submitted to the provisions of the Act.

(l) **"Limited Common Elements"** shall mean and include all windows and exterior doors including all surrounding encasements, framing, thresholds, and wood supports of the windows and exterior doors of the Units, the patios, and any area designated as Limited

Common Elements on the Plan and any amendment to the Plan and any areas defined in the Act as Limited Common Elements. Should any Limited Common Element ever be determined not to be a Limited Common Element under the Act, the same shall be part of the Common Elements with an exclusive easement of use appurtenant to the Unit to which it was originally assigned as a Limited Common Element.

(m) **"Limited Common Expenses"** shall mean the expenses arising from the maintenance or repair of the Limited Common Elements for which the Unit Owners to which the Limited Common Elements attach shall be liable to the Association. Limited Common Expenses may include, but not be limited to, the expenses of maintenance, operation, repair, replacement, rehabilitation, restoration, renovation, and betterment of the Limited Common Elements and expenses declared to be Limited Common Expenses by the provisions of the Condominium Documents, as the same may be amended, from time to time, in accordance with the provisions thereof.

(n) **"Managing Agent"** shall mean any company, corporation or individual to which certain duties and obligations of the Association to operate and manage the Condominium have been delegated and which is acting on behalf of the Association.

(o) **"Member"** shall mean all persons and entities who are members of the Association and shall consist of all record Owners of the Units in the Condominium.

(p) **"Mortgage"** shall mean a first lien Mortgage on one or more Units.

(q) **"Mortgagee"** shall mean a holder of a Mortgage or the guarantor of a Mortgage who has given notice to the Association that it is the holder or guarantor of a Mortgage affecting all or any part of the Condominium Property as hereinafter provided.

(r) **"Occupant"** shall mean and include any Owner, the family members, guests, tenants, agents, servants, employees or invitees of any Owner and any other person who occupies or uses any Unit within the Condominium. All actions or omissions of any Occupant is and shall be deemed the actions or omissions of the Owner of such Unit.

(s) **"Owner"** or **"Unit Owner"** shall mean and refer to every person or entity who is a record owner of a Unit in the Condominium.

(t) **"Plat"** or **"Plans"** shall mean the Plat and Plans showing the Units and the Common Elements and Limited Common Elements of the Condominium Property, a copy of which is attached hereto as Exhibit "D," and made a part hereof for all purposes, as such Plans may from time to time be amended.

(u) **"Property"** or **"Condominium Property"** shall mean the Land, the Common Elements and the Units and all improvements and structures erected, constructed or contained therein or thereon, including all buildings, streets, drives, parking areas, landscaping and all easements, rights and appurtenances belonging thereto submitted to the provisions of the Act under this Declaration, as amended from time to time.

(v) **"Rules and Regulations"** shall mean those Rules and Regulations adopted from time to time by the Board of Directors of the Association that are deemed necessary for the enjoyment and use of the Condominium Property, provided they are not in conflict with the Act or the other Condominium Documents.

(w) **"Unit"** or **"Condominium Unit"** shall mean the parts of the Condominium Property as set forth in the Plans intended for the exclusive ownership and possession by an Owner. Each Unit is identified in a diagrammatic floor plan as shown on the Plans and shall consist of the volumes or cubicles of space which lie between the lower, upper and lateral or perimetrical boundaries described as follows:

(i) *Upper and Lower Boundaries:* The upper and lower boundaries extended to their planer intersections with the perimetrical boundaries as follows:

(1) The upper boundary shall be the plane of the upper surface of the material which constitutes the ceiling of the second floor of the Unit;

(2) The lower boundary shall be the plane of the upper surface of the concrete slab located below the subflooring which serves as the floor of the first floor of the Unit. Accordingly, the subflooring material and any floor covering such as carpeting, vinyl, hardwood or ceramic tile on the first floor of the Unit is part of the Unit.

(ii) *Perimetrical Boundaries:* The perimetrical boundaries shall be the exterior surface of the sheetrock or other material which forms the perimeter walls of the Unit and the vertical planes of the interior surfaces of the windows and exterior doors of the Unit.

Each Unit shall include all non-load bearing interior partition walls located within the boundaries of the Unit, except such part as may comprise part of the Common Elements; the structural cross members which form the ceiling of the first floor and the floor of the second floor of the Unit, the sheetrock or other material which forms the decorated surfaces of all boundary walls, ceilings and floors, including wallpaper, paint, interior brick surface, lathe, wallboard, plaster, carpeting, flooring and other finishing materials; all immediately visible fixtures, appliances, cabinets, and water and sewer pipes located within or outside the boundaries of the Unit and serving only the Unit; and the mechanical systems and installations providing electrical power, water, heating and air conditioning and other utility services to the Unit, including the individual heating and air conditioning equipment or utility meters, though such equipment may be located outside the boundaries of the Unit, provided that no pipes, wires, conduits, ducts, flues, shafts and other facilities situated within such Unit and forming a part of any system serving one or more other Units or the Common Elements shall be deemed to be a part of such Unit; and provided further that no bearing wall providing structural support and located within the boundaries of the Unit shall be deemed part of the Unit.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

2.1 **Description of Improvements and Identification of Units.** The Condominium Property shall initially consist of thirteen (13) Units and certain Common Element improvements. A Plat of the Condominium Property and a graphic description of each Unit identifying it by a number so that no Unit bears the same designation as any other Unit, all in sufficient detail to identify the Common Elements, the Limited Common Elements, if any, and each Unit and their relative locations and approximate dimensions, are set forth in the Plan attached hereto as Exhibit "D."

2.2 **Right to Alter Boundaries.** Developer reserves the right to alter the boundaries between Units so long as the Developer owns the Units so altered. Changes in the boundaries between the Units, as hereinbefore provided, shall be reflected by an amendment to the Plan and an amendment to this Declaration. An amendment to the Plan and the Declaration reflecting an alteration of the boundaries of the Units owned by Developer need be signed and acknowledged only by the Developer and need not be approved by the Owners and their Mortgagees, whether such approval may elsewhere be required herein; provided, however, that any change which shall result in a change in the undivided interest in the Common Elements or a change in the share of Common Expenses with respect to Owners of Units other than Developer at the time of such change or which shall result in the alteration of boundaries of Units (other than the common boundaries separating the Units owned by the Developer) may not be made without an amendment of this Declaration approved by the Owners and Mortgagees in the manner elsewhere required herein. Developer may assign this Development Right to a successor Developer in accordance with the Act.

2.3 **Right to Add Additional Units and to Convert Common Elements to Units.** Developer further reserves the right to add seven (7) Additional Units to the Condominium in the approximate locations as shown on the Plat attached hereto as Exhibit "D" and labeled "MUST BE BUILT." Developer further reserves the right, but not the obligation, to add up to eighty (80) Additional Units to the Condominium in the approximate locations as shown on the Plat attached hereto as Exhibit "D" and labeled "NEED NOT BE BUILT." Such right to add Additional Units must be exercised within seven (7) years of the conveyance of the first Unit in the Condominium. Any buildings containing any Additional Units created in the Condominium shall blend aesthetically with the other buildings, but the style of said buildings shall be within the sole discretion of the Developer or its successor of such development right. Any buildings containing Additional Units shall be of substantially the same quality as the other buildings. The submission of any Additional Units to the Condominium shall be accomplished by filing an amendment to the Declaration and the Plat, which amendments only need to be signed by the Developer or its successor in interest to such development right.

2.4 **Right to Withdraw Property from the Condominium.** Developer further reserves the right to withdraw all or portions of the property described in Exhibit "B" attached hereto on which Developer has not built Additional Units. Developer shall have the right to

withdraw such property so long as Developer exercises such right within seven (7) years of the conveyance of the first Unit in the Condominium. In the event that Developer exercises such right to withdraw property, the Association shall provide to Developer an easement over the roads to access the withdrawn property, and the Developer shall agree to pay its pro rata share of the Common Expenses related to the roads and any entrance ways in the Condominium. The withdrawal may be accomplished by filing an amendment to the Declaration and the Plat reflecting such withdrawal, which amendments only need to be signed by the Developer or its successor in interest to such Development Right. After such withdrawal, all responsibility for maintenance and insurance of the withdrawn property shall be the responsibility of the Developer or the successor to its rights.

2.5 **Easements and Restrictions.** There exist of record certain easements and obligations affecting the Condominium Property, including that certain Declaration of Roadway and Utility Easement as recorded in Instrument 200102160000721720 in the Office of the Judge of Probate of Shelby County, Alabama. The Units and Common Elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established in the Condominium Documents governing the use of said Units and Common Elements in setting forth the obligations and responsibilities incident to ownership of each Unit and its appurtenant undivided interest in the Common Elements. Said Units and Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the Condominium Property, which easements and restrictions are described on Exhibit "G" attached hereto.

(a) **Utility Easements.** Utility easements are reserved throughout the whole of the Condominium, including Units, as may be required for utility services (including, without limitation, water, sewer, gas, electricity, telephone and cable television) in order to adequately serve the Condominium Property. In addition, there is an easement in favor of the Condominium Property across adjacent property for water and sewer lines, a copy of which is included in the easements and restrictions attached hereto as Exhibit "G."

(b) **Utility Equipment.** There will be utility equipment, which is part of a Unit, located on the Common Elements adjacent to the Units. An easement is hereby reserved in favor of each Unit for the purpose of placement, maintenance, repair and replacement of said utility equipment; provided that no utility equipment shall be placed on or in any part of the Common Elements other than the original location unless the written approval of the Association shall have first been obtained.

(c) **Easements for Ingress and Egress.** The Common Elements shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement of way over all roads, parking areas, yards, greens, landscape buffer areas, and other Common Elements in favor of all Owners for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended and for the enjoyment of said Owners, subject to all restrictions in the Condominium Documents.

(d) **Entrance Way.** There exists an easement in favor of the Condominium Property from Cahaba Beach Road over Edenton Street and Barristers Court to the

Condominium Property, for which the Association is responsible for a portion of the cost of repair and maintenance. The Easement is recorded in Instrument 200102160000721720 in the Office of the Judge of Probate of Shelby County, Alabama.

(e) Easement for Use of Leased or Acquired Property. Each Unit Owner shall have a nonexclusive easement for use of any property hereafter acquired by the Association for the common benefit of the Owners by purchase, lease or otherwise for all normal and proper purposes for which the same are reasonably intended, subject to all restrictions in the Condominium Documents and the Rules and Regulations.

(f) Easements for Encroachments. To the extent that a Unit or a portion of the Common Elements encroaches on any other Unit or Common Elements, whether by reason of any deviation from the Plans in the original construction, repair, renovation, restoration or replacement of any Unit or Common Element, or by reason of the settling or shifting of any Land, Unit or Common Element, a valid easement shall exist for the encroachment and/or the maintenance of the same, so long as the encroaching Unit or Common Elements stand. A valid easement shall not relieve an Owner of liability for his or his agent's negligence or intentional acts in cases of willful and intentional misconduct by him or his agents or employees. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements upon any Unit or upon any other Unit or Common Elements resulting from such construction, reconstruction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching Unit or Common Element shall stand.

(g) Easements in Favor of Additional Units. There shall be a perpetual, non-exclusive easement for vehicular and pedestrian ingress and egress over the roads and parking areas of the Property for the Developer for all purposes incident to the development of the Additional Units or for the development and use of any property that may have been withdrawn from the Condominium. Further, there shall be a perpetual, non-exclusive easement for the benefit of the Developer, its successor to such development rights or the owner of any withdrawn property for the maintenance and use of all sewage disposal, storm drainage and utility distribution systems and facilities as are presently located on the Property, and for the maintenance and use of such sewage disposal, storm drainage and utility distribution systems and facilities as may be constructed or installed on the Property in the future, subject to the payment of a pro rata share of the cost of the maintenance and repair of the same.

(h) Easement for Services and Emergencies. There shall be non-exclusive easements for all police, firemen, ambulance operators, mailmen, delivery men, garbage men, and all similar persons, and to the local governmental authorities and the Association, but not the public in general, to enter upon the Common Elements in the performance of their duties, subject to reasonable Rules and Regulations as the Board may establish from time to time.

(i) Easements Appurtenant to Units. The easements and other rights created herein for the Unit Owners shall be appurtenant to the Unit of that Owner and all conveyances of

title to the Unit shall include a conveyance of the easements and rights as are herein provided even though no specific reference to such easements and rights appear in such instrument. The Owners do hereby designate the Developer and/or the Association as their lawful attorney-in-fact to execute any and all instruments on their behalf for the purpose of creating all such easements as are contemplated by the provisions hereof.

2.6 **Ownership of Common Elements.** Each Owner shall own an undivided interest in the Common Elements with all other Owners, and, except as otherwise limited in this Declaration, shall have the right to use the Common Elements for all purposes incident to the use and occupancy of his Unit as herein provided, without hindering or encroaching upon the lawful rights of the other Owners, which rights shall be appurtenant to and run along with the Unit. The extent or amount of such ownership shall be expressed by a percentage relating to each Unit and shall remain constant, unless changed in accordance with the provisions of Sections 2.2, 2.3 or 2.4 or Article III hereof or by the unanimous approval of all Owners and Mortgagees. The percentage ownership in the Common Elements relating to each Unit is as set forth on Exhibit "D" attached hereto, which shall be amended when Additional Units are added to the Condominium. The percentage ownership of the Common Elements is calculated using one as the numerator and the total number of Units in the Condominium as the denominator. Upon addition of any Additional Units to the Condominium, the Common Element ownership interest shall be recalculated and recorded as set forth above.

ARTICLE III

DEVELOPMENT RIGHTS RESERVED TO DEVELOPER


3.1 **Reservation of Development Rights.** Developer hereby expressly retains and reserves the right, but has no obligation, except as expressly provided herein, to

(a) create up to eighty-seven (87) Additional Units in the Condominium from those portions of the Common Elements in the general areas indicated on the Plat attached hereto as part of Exhibit "D," subject to the right to shift the location of the buildings containing the Units indicated based upon construction drawings, land conditions or rock formations;

(b) withdraw from the Condominium all or any portion of the property described on Exhibit "B" attached hereto should Developer decide not to develop it as a part of the Condominium;

(c) add additional Common Elements and Limited Common Elements and improvements to the Condominium Property; and

(d) to maintain model Units, post signs, have employees in the offices located in the Condominium buildings, use the Common Elements and all Units owned by the Developer to show Units to prospective tenants and purchasers.


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(e) relocate any ingress and egress or utility easements pursuant to the development plan, as it may be amended from time to time.

(f) to permit construction contractors hired by Developer, or its assigns, which may build the Additional Units, to maintain construction trailers and equipment on the Condominium Property until the last Unit is completed

3.2 **Exercise of Development Rights.** Except as otherwise specifically set forth in this Declaration, there shall be no limitations on the development right to create Additional Units in the Condominium or to withdraw certain property from the Condominium or the exercise thereof. The right to add Additional Units may be exercised to create as many as eighty-seven (87) Additional Units within the Condominium as the construction of the improvements are completed, or the right with respect to eighty (80) of the Additional Units may not be exercised at all, in Developer's sole discretion. The exercise of the right to add Additional Units to the Condominium shall not prohibit Developer from, or obligate Developer to, further exercise of the right as to any of the other Additional Units. Further, the exercise of the right to add Additional Units shall not prohibit Developer from, or obligate Developer to, further exercise of the right to withdraw as to any other portion of the property subject to withdrawal.

3.3 **Expiration of Development Rights.** The development rights set forth in Section 3.1 above, specifically including the right to create Additional Units in the Condominium and the right to withdraw designated property from the Condominium may be exercised by Developer at any time and from time to time for a period of seven (7) years from the date of conveyance of the first Unit. Upon the expiration of said seven (7) year period, to the extent not exercised or previously terminated by Developer by express amendment to this Declaration, the rights shall expire and terminate; provided, however, that Developer may extend said period for the exercise of the development right with the consent of the Unit Owners of Units to which two-thirds (2/3) of the votes in the Association appertain, exclusive of any vote or votes appurtenant to any Unit or Units then owned by Developer, within one (1) year prior to the date upon which the development rights would otherwise have expired.

3.4 **Additional Units.** Any and all structures erected on any portion of the Property and added to the Condominium will be compatible with the existing structures on the Property in terms of physical appearance, structure, type, quality of construction, the principal materials to be used and architectural style. The maximum number of Units that ever may be created in the Condominium is one hundred (100) Units. No limitations are placed on the right of Developer reserved hereby to create Common Element improvements within any portion of the Property or to designate and assign Common Elements therein as Limited Common Elements.

3.5 **Reallocations and Amendment.** Upon the creation and addition of any Additional Units in the Condominium, the share of undivided interest in the Common Elements and the share of liability for Common Expenses allocated to all Units then included in the Condominium shall be reallocated based upon the following formula: 1/ the total number of Units then existing in the Condominium. Each Unit existing in the Condominium shall be allocated one vote. To create Additional Units in the Condominium or to withdraw property from the Condominium, Developer alone shall execute and record amendments to this

Declaration and the Plat and Plans, submitting such Additional Units to the Condominium and this Declaration or withdrawing designated property from the Condominium, and reallocating the undivided interests in the Common Elements, the liabilities for Common Expenses and the votes in the Association.

ARTICLE IV

ORGANIZATION AND MANAGEMENT

4.1 **Management of the Condominium Property.** Operation and administration of the Condominium Property shall be performed by THE LOFTS AT EDENTON CONDOMINIUM ASSOCIATION, INC., an Alabama nonprofit corporation. The powers and duties of the Association shall include those set forth in the Act, the Alabama Nonprofit Corporations Act, CODE OF ALABAMA 1975 §§ 10-3A-1 *et seq.*, this Declaration, the Articles of Incorporation and the Bylaws. The powers shall specifically include, but are not limited to, the power to assign the Association's right to future income as security for said loan, including the right to assess and receive Common Expense assessments.

4.2 **Members.** The Members of the Association shall consist of all record Owners of the Units. Change of membership in the Association shall be established by recording in the public records of Shelby County, Alabama the deed or other instrument establishing record title to a Unit in the Condominium, the Owner designated by such instrument thereby becoming a record Owner and a Member of the Association. Membership of the prior Owner shall thereby be terminated. All present and future Owners and Occupants of the Units shall be subject to and shall comply with the provisions of the Declaration, the Bylaws and the Rules and Regulations, as the same may be amended from time to time. The vote for a Unit shall be cast by the record Owner thereof or the duly authorized proxy of the record Owner in the manner provided in the Bylaws. Each Unit Owner is entitled to one vote for each Unit owned by him as set forth in Exhibit "E" attached hereto.

4.3 **Bylaws.** The Bylaws of the Association shall be in the form attached as Exhibit "C" to this Declaration, and may be amended from time to time as set forth therein.

4.4 **Voting Requirements.** Notwithstanding anything contained herein to the contrary, unless a specific voting requirement in excess of a simple majority is required for either a vote of the Board of Directors or a vote of Members, any such voting requirements shall be construed to require only a simple majority vote.

ARTICLE V

ASSESSMENTS

5.1 **Liability, Lien and Enforcement.** The Association is given the authority to administer the operation and the management of the Condominium Property, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Units.

To provide the funds necessary for such proper operation, the Association is hereby granted the right to make, levy, and collect annual assessments against the Owners of all Units to pay Common Expenses and such other expenses which the Association is authorized to incur under the terms and conditions of this Declaration. The Association is also authorized to make, collect and levy assessments against Unit Owners for reimbursement of expenses the Association is caused to incur by reason of any act of the Unit Owner or Occupant, his family members, guests, invitees or tenants for damages of any nature and for penalties for rules violations. In furtherance of said grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Condominium Property, the following provisions shall be effective and binding upon the Owners of all Units.

5.2 **Common Expense Assessments.** All assessments for the payment of Common Expenses shall be levied annually against the Owners of all Units, and unless specifically otherwise provided for in this Declaration, each Owner of a Unit and his Unit shall bear the same percentage share of such assessment as the percentage share of ownership for the undivided interest in the Common Elements appurtenant to said Unit. The annual assessment for Common Expenses shall be payable over the course of the year in advance monthly installments commencing on the date of purchase of a Unit or in such other installments and at such times as may be determined by the Board of Directors of the Association.

Common Expenses shall include among other expenses incurred by the Association for the benefit of the Condominium the cost of maintenance and repair of the roads and entrance ways, and utility lines whether part of the Common Elements or created by easements properly recorded in the land records of Shelby County, Alabama, maintenance of any greens, landscaping, yards, patios, Common Element portions of the buildings, cost of insurance to be maintained by the Association and management fees.

5.3 **Annual Budget.** At least sixty (60) days before the beginning of each calendar year, the Board of Directors of the Association shall adopt a proposed annual budget for such calendar year, and such budget shall project the amount of funds for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Property, including reasonable allowances for contingencies and reserves therefore, in accordance with the Act and this Declaration. Said budget shall take into account any projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. Within thirty (30) days after adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall be made available to each Unit Owner and the Board shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14), nor more than thirty (30), days after delivery of the budget to the Unit Owners. Unless at the meeting a majority of the Unit Owners present in person or by proxy reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the budget for the last year shall continue in effect until such time as a new budget is ratified. If the budget is ratified, the assessment for said year shall be established based upon such budget.

Should the Board of Directors at any time determine in the sole discretion of said Board of Directors that the assessments levied are or may prove to be insufficient for any reason

including emergencies and non-payment of any Owner's assessment, the Board of Directors shall have authority to levy such additional assessments as it shall deem necessary as a special assessment in accordance with the applicable provisions of the Condominium Documents and the Act.

5.4 **Omission of Assessment.** The omission by the Association, before the expiration of any year, to fix the assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay assessments or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

5.5 **Detailed Records.** The Association shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Owner, his representative or any Mortgagee or guarantor of a Mortgage at convenient hours of weekdays in Shelby County.

5.6 **Payment of Common Expenses by Unit Owners.** All Unit Owners shall be obligated to pay any assessment for Common Expenses adopted by the Board of Directors pursuant to the terms of this Article V. No Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit after the sale or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter up to the time of conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefore. Whenever any Unit is sold or mortgaged by the Owner thereof, which sale shall be concluded only upon compliance with the other provisions of this Declaration, the Association, upon written request of the Unit Owner, a purchaser having executed a contract for purchase of the Unit, or the proposed Mortgagee, shall furnish to the Unit Owner, a purchaser having executed a contract for purchase of the Unit, or the proposed Mortgagee (within the time period prescribed by the Act) a statement verifying the status of the payment of any assessments owed and due and payable to the Association by the Owner of such Unit. Any purchaser or proposed Mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, and the Association shall be bound by such statement. In the event that a Unit is to be sold or mortgaged when any assessment is outstanding against the selling Owner of such Unit and such assessment due the Association is in default, the purchase or mortgage proceeds shall first be applied by purchaser or Mortgagee to the payment of any delinquent assessment or installment due the Association before delivery of the sales proceeds to the selling Unit Owner.

5.7 **Default in Payment of Assessments.**

(a) The payment of any assessment or installment thereof due the Association shall be in default if such assessment or any installment thereof is not paid to the Association on

or before the due date for such payment. When in default, the delinquent assessment or delinquent installment due the Association shall bear interest at the maximum legal rate or eighteen percent (18%), whichever is greater, until such delinquent assessment or installment and all interest due thereon have been paid in full. The Association shall have a lien against Units for delinquent assessments. The lien shall secure the monies due for all assessments then or thereafter levied against the Owner of each Unit, and such lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing the Association. Said lien shall also secure all costs and expenses, including fines, late penalties and reasonable attorneys' fees incurred by the Association in collecting delinquent assessments and enforcing the lien upon said Unit. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages in the State of Alabama containing a power of sale pursuant to Alabama Code §§ 35-10-11 *et seq.* as it may be amended, but the Association shall give reasonable advance notice of its proposed action to the Unit Owner, the Mortgagee and all other lienholders of record. The lien granted to the Association shall further secure such advances for taxes and payment on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to protect and preserve its lien, and the Association shall further be entitled to interest at the maximum legal rate on judgments, or eighteen percent (18%), whichever is greater, on any such advance made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit or who may be given or acquire a mortgage, lien or other encumbrance thereon are hereby placed on notice of the lien rights granted to the Association and shall acquire such interest in any Unit expressly subject to the lien.

(b) The lien herein granted to the Association shall be effective from and after the time of recording in the Probate Office of Shelby County, Alabama, the Declaration of Condominium of The Lofts at Edenton, A Condominium and no further recordation of any claim of lien for assessment under this section is required. Such lien shall include only assessments which are due and payable when the action to enforce the lien is commenced plus late penalties and penalties imposed by the Association for Rules and Regulations violations, interest, costs, reasonable attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided.

5.8 Required Reserve Funds and Working Capital Fund. Assessments levied by the Board of Directors of the Association shall include an adequate reserve fund for maintenance, repair and replacement of those Common Elements that must be replaced or repaired on a periodic basis. A working capital fund shall be established by the Association and each Unit Owner purchasing a Unit from the Developer shall pay a one-time assessment equal to three (3) months' assessments at the time of closing of the purchase of the Unit to be used by the Association as working capital. The Developer is prohibited from using the working capital funds to defray any of its expenses, assessments, or construction costs or to make up any budget deficits while it is in control of the Association, however, the Developer can be reimbursed for Association start up expenses and items paid for by Developer, such as prepaid insurance, deposits, service contracts and the like.

5.9 Election of Remedies. Institution of a suit at law to collect payment of any delinquent assessments shall not be deemed to be an election by the Association which shall

prevent its thereafter seeking enforcement of the collection by foreclosure of any sums remaining owing to it. Nor shall proceeding by foreclosure to effect such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association. The Association shall be entitled to bid at any sale held in connection with the foreclosure of the assessment lien and may apply as a cash credit against its bid all sums secured by the lien enforced.

ARTICLE VI

MAINTENANCE AND OPERATION OF THE CONDOMINIUM PROPERTY

6.1 **The Association's Obligation to Repair and Maintain.** The Association, acting through the Board of Directors, shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Unit Owners as a Common Expense or Limited Common Expense, as set forth herein:

- (i) The Common Elements including any Common Elements designated as Limited Common Elements;
- (ii) The roofs and exterior portions of the buildings including the exterior doors and windows; and
- (iii) Incidental damage caused to a Unit by any work done by the Association.

This Section 6.1 shall not relieve a Unit Owner of liability for damage to the Common Elements, a Unit of another person, adjacent property or any other property caused by the Unit Owner or Occupant, his family members, guests, invitees, lessees or licensees as a consequence of the failure of equipment or fixtures in his Unit, or the negligence, recklessness or willful misconduct of such person. The cost of repair for any damage so caused by the Unit or the Unit Owner or Occupant, his family members, guests, invitees, lessees or licensees, if not paid, may be paid by the Association and then assessed against the Unit Owner which assessment shall be a special assessment against the Unit and Unit Owner responsible therefore.

6.2 **Each Owner's Obligation to Repair.**

(a) Except for those portions of the Condominium Property which the Association is required to maintain and repair, each Owner shall, at such Owner's expense, maintain his or her Unit in good tenantable condition and repair, and shall be responsible for the repair, maintenance and replacement, if necessary, of the following items on his Unit:

- (i) The fixtures and equipment in his Unit, including the refrigerator, stove and all other appliances within the Unit; drains, sinks, plumbing and plumbing fixtures and connections within the Unit and serving only the Unit; electrical panels, wiring, outlets and electric fixtures within the Unit; interior doors, interior surfaces of the window frames, screening and glass; and interior surfaces of all exterior doors; all wall

coverings including paint, wallpaper and light coverings; and all floor coverings, including carpeting, hardwood, vinyl and ceramic tile within a Unit.; and

(ii) The plumbing, electrical, and mechanical systems serving only that Unit, whether located within or outside the boundary of that Unit, including the wiring, plumbing, electrical, locks, or other mechanical systems. In the event any such system or a portion thereof is within another Unit or requires access to another Unit, the repair, maintenance or replacement thereof shall be performed by the Association, and the cost thereof shall constitute an assessment against the Unit Owner.

(b) Each Unit Owner agrees as follows:

(i) To perform all maintenance, repairs and replacements which are his or her obligations under subparagraph (a) of this Section 6.2;

(ii) To pay all utilities as herein provided and all taxes levied against his Unit;

(iii) Not to make, or cause to be made, repairs to any utility systems located outside his Unit but required to be maintained by him under subparagraph 6.2(a)(iii) except by licensed plumbers or electricians authorized to do such work by the Association or its delegate;

(iv) Not to make any addition or alteration to the Common Elements or Unit or to do any act that would impair the overall structural systems or design scheme of any part of the Condominium Property or that would impair any easement or right of a Unit Owner without the prior written consent of the Board and all Unit Owners affected thereby; and

(v) To promptly report to the Association any defects or needed repairs for which the Association is responsible.

6.3 Alterations, Additions and Improvements by the Association. Except in the case of loss or damage to the Common Elements as contemplated by Article IX of this Declaration, the Association shall not make any material structural alterations, capital additions or capital improvements to the Common Elements (other than for the purpose of replacing, restoring or rehabilitating portions of the Common Elements which is in accordance with the Declaration and which does not require expenditures of more than \$10,000.00, exclusive of any funds applied from the reserves maintained hereunder) unless the same is authorized by the Board of Directors of the Association and ratified by the affirmative vote of the voting Members casting not less than seventy-five percent (75%) of the total votes of the Members of the Association present at any regular or special meeting of the Unit Owners called for that purpose at which a quorum is present and approved by a majority of the Mortgagees eligible to vote therefore. The cost of the foregoing shall be assessed against the Owners of Units as provided in Article V hereof except as otherwise provided in this Section 6.3. Where any alterations or additions as aforesaid are exclusively or substantially exclusively for the benefit of the Unit

Owners requesting the same, then the cost of such alterations or additions shall be assessed against and collected solely from the Unit Owners exclusively, or substantially exclusively, benefiting therefrom, and the assessment shall be levied in such proportions as may be determined to be fair and equitable by the Board of Directors of the Association. Where such alterations or additions exclusively, or substantially exclusively, benefit Unit Owners requesting the same, said alterations and additions shall be made only when authorized by the Board of Directors and ratified by not less than seventy-five percent (75%) of the total votes of the Unit Owners exclusively, or substantially exclusively, benefiting therefrom. Alterations, improvements or repairs of an emergency nature may be made upon authorization by a vote of the majority of the Directors available for consultation if the same is necessary and in the best interest of the Unit Owners.

6.4 **Utilities.** Each Unit Owner shall be required to pay all charges for utilities, including electricity, cable television, and telephone service, used or consumed in his Unit. The utilities serving the Common Elements only, if any, shall be separately metered and paid by the Association as a Common Expense. The Association shall have authority to pay the cost of the utilities used or consumed in the Units and have the costs thereof apportioned among the Units based upon the Common Expense liability, use of the utility, or any other formula the Association may deem appropriate.

ARTICLE VII

RESTRICTIONS ON USE OF UNITS AND COMMON ELEMENTS

7.1 **Rules and Regulations of the Association.** The Association is authorized to promulgate, amend and enforce Rules and Regulations concerning the operation and use of the Condominium; provided that such Rules and Regulations are not contrary to or inconsistent with the Act and the Condominium Documents. A copy of the Rules and Regulations of the Association shall be furnished by the Board of Directors to each Unit Owner prior to the time they become effective. All present and future Unit Owners and Occupants of the Units and any person who uses any part of the Condominium Property in any manner, are subject to, and shall comply with the provisions of the Condominium Documents and the Rules and Regulations. The acquisition, rental or occupancy of a Unit or the use of any part of the Condominium Property by any person shall constitute his/her agreement to be subject to and bound by the provisions of the Condominium Documents and the Rules and Regulations, and such provisions shall be deemed to be enforceable as equitable servitudes and covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof. The Association may promulgate enforcement provisions for violation of any Rule or Regulation by a Unit Owner or Occupant, his family members, guests, invitees, lessees or renters, including the payment of penalties for such violations.

7.2 **Restrictions on Use.** The use of the Condominium Property is subject to the following restrictions:

(a) Each Unit in the Condominium is restricted to residential use. Parking on the Common Elements is restricted to the parking of passenger automobile including pick-up trucks, SUV's and motorcycles, but excluding business vehicles.

(b) There shall be no obstruction of the Common Elements or Limited Common Elements, nor shall anything be kept or stored in the Common Elements or Limited Common Elements, nor shall anything be constructed on or planted in or removed from the Common Elements or Limited Common Elements nor shall the Common Elements or Limited Common Elements in any other way be altered without the prior written consent of the Board of Directors.

(c) No immoral, improper, offensive or unlawful use shall be made of any Unit or of Common Elements or Limited Common Elements, or any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction over the Condominium Property shall be observed.


(d) No Owner shall permit anything to be done or kept in his Unit or in the Common Elements or Limited Common Elements which will result in any increase of fire or hazard insurance premiums or the cancellation of insurance on any part of the Condominium Property, or which would be in violation of any law. No waste shall be committed to the Units, or the Common Elements or Limited Common Elements.

(e) No sign of any kind shall be displayed to the public view on or from any part of the Condominium Property, without the prior written consent of the Board of Directors of the Association, except signs temporarily used by the Developer in the selling or leasing of the Units shall be permitted, and each Unit Owner shall be permitted to display one professional sign no larger than two feet by three feet advertising the Unit for sale or lease.

(f) No noxious or offensive activities shall be carried on, nor shall any outside lighting or sound speakers or other sound-producing devices be used, nor shall anything be done, on any part of the Condominium Property which, in the judgment of the Board of Directors of the Association, may be or become an unreasonable annoyance or nuisance to the other Owners.

(g) No Owner shall cause or permit anything to be placed on the Common Elements or Limited Common Elements immediately surrounding the Unit. No sign, awning, canopy, window air conditioning unit, shutter, or other fixture shall be affixed to or placed upon the exterior walls or roof of any building or any part thereof, without the prior written consent of the Board of Directors of the Association.

(h) No satellite dishes over one (1) meter shall be allowed on the Condominium Property at any time. Satellite dishes less than one (1) meter shall not be allowed on any part of the Common Elements, and shall only be allowed on the Limited Common Elements with prior written approval of the Board of Directors as to location of the receiving equipment and dish.


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(i) No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Elements or Limited Common Elements. The Units, Common Elements and Limited Common Elements shall be kept clear of rubbish, debris and other unsightly materials.

(j) No structure of a temporary character, trailer, tent, shack, carport, garage, barn or other outbuilding shall be erected by any Owner, other than the Developer, on any portion of the Condominium Property, at any time, either temporarily or permanently, without the prior written approval of the Board.

(k) The display or discharge of firearms or fireworks on the Common Elements or the Limited Common Elements is prohibited; provided, however, that the display of lawful firearms on the Common Elements or the Limited Common Elements is permitted by law enforcement officers and also is permitted for the limited purpose of transferring firearms across the Common Elements or Limited Common Elements to or from an Owner's Unit so long as the firearm is not loaded and not carried in a threatening manner. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size.

7.3 Lease of Units. Entire Units may be leased by the Unit Owners; provided, however, that any such lease and the rights of any tenant thereunder are hereby made expressly subject to the power of the Association to prescribe reasonable Rules and Regulations relating to the lease and rental of Units and to enforce the same directly against such tenant or other Occupant by the exercise of such remedies as the Board deems appropriate; provided, however, that no restrictions shall be imposed which shall have the individual or cumulative effect of prohibiting or materially impairing the rental or lease of Units. No individual rooms may be rented. Further, all leases must be in writing, with a copy provided to the Association upon request by the Association. This restriction on use shall be a covenant running with each Unit, creating a burden on each single Unit and Unit Owner for the benefit of every other Unit and Unit Owner. No lease shall be for less than six (6) months and no more than one (1) family or two (2) people per bedroom shall occupy a Unit. Notwithstanding anything contained in this Section to the contrary, each Owner shall be responsible for the actions of his Occupants and tenants and nothing herein or in any such lease shall relieve an Owner of his obligations under the Condominium Documents. Each Unit Owner who has or who shall lease his Unit irrevocably empowers and authorizes the Association or its Managing Agent to enforce the Rules and Regulations of the Association and to terminate the lease of and evict any tenant who fails to comply with said Rules and Regulations or who provides other sufficient cause for termination of the lease and eviction in accordance with the laws of the State of Alabama, the Condominium Documents or any contract for lease. The Association, the Board or its Managing Agent shall not become liable to any Unit Owner or sublessor or other party for any loss of rents or other damages resulting from the reasonable exercise of the provisions of this Section.

The provisions of this Section shall not be applicable to the Developer who is irrevocably empowered without any limitation at all times, whether for permanent or temporary occupancy to sell, lease or rent Units for any period and under any terms to any lessees or purchasers or transferees with the right to take any action necessary to consummate the sale or rental of said Units, including, but not limited to, the right to maintain model Units, post signs, have

employees in the offices maintained in the Condominium buildings, use the Common Elements and show Units to prospective tenants. Sales and rental office signs and all items pertaining to the rental or sale of Units shall not be considered Common Elements and shall remain the property of the Developer.

7.4 Landscaping and Decorations.

(a) Each Owner shall maintain landscaping on the Limited Common Elements assigned to the Unit to the rear of the buildings containing the Units unless the Board of Directors decides to perform the maintenance and charge the expense of such maintenance to the Unit Owner as a Common Expense or a Limited Common Expense. Any change in the landscaping plan shall be submitted to the Board for approval prior to installing any materials.

(b) Seasonal or holiday decorations (*e.g.*, Christmas trees and lights, pumpkins, Easter decorations) shall be promptly removed from each Unit, Common Element or Limited Common Element within fifteen days after such holiday.

7.5 Fences. No fences including, but not limited to chain link, vinyl coated, wire or above ground electric fences shall be permitted within the Property except those fences installed by the Developer pursuant to the development plan.

7.6 Windows, Window Treatments and Doors.


(a) Reflective glass shall not be permitted on the inside of a Unit. No foil or other reflective materials shall be installed on any windows or used for sun screens, blinds, shades or other purposes.

(b) Burglar bars or doors (including wrought iron doors) are not permitted. No aluminum or metal doors with glass fronts (*e.g.*, storm doors) shall be allowed on the front of any building. Nothing may be hung or displayed on the outside or inside of windows except interior inoffensive drapes, curtains, or louvered blinds which, from exterior observation, must be a uniform color of white, off white, light beige or light gray, or as otherwise authorized by the Board of Directors. Sheets, bed linens, blankets and paper or plastic bags are not appropriate window treatments.

7.7 Outdoor Furniture, Recreational Facilities and Clotheslines.

(a) No furniture shall be placed, kept, installed, maintained or located on the Limited Common Elements in front of a Unit.

(b) Any children's toys, swing sets, jungle gyms, trampolines, and other outdoor and recreational equipment and appurtenances shall be allowed only at the rear of or behind the buildings containing the Units and shall, to the extent practicable, be located so that the same are not visible from the road. Any equipment which is deemed to be unattractive or not in a suitable location may be removed by the Board.


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(c) No basketball backboards shall be permitted on the Condominium Property.

(d) Barbecue grills or other types of outdoor cooking equipment and apparatus must be located at the rear of the buildings containing the Units and, to the extent practicable, shall not be visible from the road or adjacent Units.

(e) There shall be no outdoor clotheslines located on the Condominium Property.

7.8 **Pets and Animals.** No animals, livestock, birds or poultry of any kind shall be kept, raised or bred by any Owner in any Unit or other portion of the Condominium; provided, however, that no more than two (2) domesticated animals may be kept in a Unit 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 structure or area for the care, housing or confinement of any pet shall be constructed or maintained on the Common Elements or Limited Common Elements. Each Owner shall be liable to the Association and shall indemnify the Association for any damages caused by any pet and for the costs of repairing any damage to the Common Areas caused by the pet of such Owner or Occupant. The Board shall have the right from time to time to promulgate rules and regulations governing keeping the pets within the Condominium, including the right to assess fees for maintaining the fines for violations of the pet Rules and Regulations.

7.9 **Trash, Rubbish and Nuisances.**

(a) No trash, garbage, rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Condominium Property nor shall any nuisance or odors be permitted to exist or operate upon or arise from any Unit which would render any portion thereof unsanitary, unsightly, offensive or detrimental to persons using, occupying or owning any other Units. Noxious or offensive activities shall not be carried on in or from any Unit or in any part of the Common Elements, and each Owner and Occupant shall refrain from any act or use of a Unit which could cause disorderly, unsightly or unkempt conditions, result in the cancellation of or increase in insurance coverage or premiums for any portion of the Condominium or be in violation of any law, statute, ordinance, rule, regulation or requirement of any governmental authority.

Without limiting the generality of the foregoing, no horns, whistles, bells, speakers or other sound devices, other than reasonable security and fire alarm devices used exclusively for such purposes, shall be located, used or placed in any Unit or on the Common Elements. Any Owner or Occupant or any of the respective family members, guests, invitees, servants, agents, employees or contractors of such Owner or Occupant who dumps, places or allows trash or debris to accumulate in his or her Unit or on any other portion of the Condominium shall be liable to the Association for all costs incurred by the Association to remove the same.

(b) Trash, garbage and any other refuse or waste shall not be kept in any Unit except in sanitary containers or garbage compactor units. Trash cans and containers shall at all

times be kept at the rear of or inside the Units except that the trash cans and containers may be used to transport the trash to the dumpsters located on the Condominium Property.

7.10 Recreational Vehicles and Machinery and Equipment.

(a) Mobile homes, motor homes, trailers of any kind, or campers shall not be permitted on any Limited Common Elements or Common Elements. Further, all equipment such as lawnmowers, tractors, tools, construction machinery and equipment of any nature, golf carts, boats and any other type of water craft, including boat trailers, and any other similar types of vehicles, machinery or equipment shall not be stored on the Limited Common Elements or Common Elements.

(b) Any vehicle which is inoperable shall be immediately removed from the Condominium. No Owner or Occupant shall repair or restore any vehicle, machinery or equipment of any kind upon any portion of the Common Elements, except 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 Condominium.

7.11 Swimming Pools. Swimming pools, outdoor hot tubs, reflecting ponds, saunas, whirlpools, lap pools and tennis courts may not be constructed, installed or maintained on the Common Elements or the Limited Common Elements. Above-ground pools likewise shall not be permitted.

7.12 Traffic Regulations. All vehicular traffic on the roads in the Condominium shall be subject to the applicable provisions of the laws of the State of Alabama and any city or county having jurisdiction thereof concerning operation of motor vehicles on public streets. The Association is hereby authorized to promulgate, administer, and enforce reasonable Rules and Regulations governing vehicular and pedestrian traffic, including adopting reasonable safety measures and speed limits for any of the roads within any portion of the Condominium to the extent not inconsistent with the laws of the local government. The Association shall be entitled to enforce such Rules and Regulations by establishing such enforcement procedures as it deems appropriate, including levying fines for the violation thereof. In the event of any conflict between the provisions of the laws of the State of Alabama and the traffic Rules and Regulations promulgated by the Association, the more restrictive shall govern.

7.13 Compliance With Governmental Regulations. Each Owner and Occupant, their family members, guests, invitees and tenants shall at all times comply with all applicable laws, ordinances, statutes, rules, regulations, requirements and code provisions of the governmental authorities.

7.14 Right of Access. Each Unit Owner grants a right of access to his Unit to the Association, and any other person authorized by the Association for the purpose of making inspections and for the purpose of correcting any condition originating on his Unit and threatening other Units or Common Elements for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements within his Unit, if any, or to correct any condition which violates the provisions of any Mortgage

covering another Unit, or to enforce any provision of the Condominium Documents; provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not. Each Unit Owner further grants a right of access to his Unit to the Developer or his agent, or other authorized representative who is not Developer's agent, for the purpose of making all repairs required by any warranty delivered to the Unit Owner at the closing of his Unit. To the extent that damages inflicted on the Common Elements or any Unit through which access is taken, the Unit Owner or the Association, if it caused the same, shall be liable for the prompt repair thereof.

7.15 Limitation of Liability. The Association shall not be liable for any failure of water or power supply, telephone, security, fire protection or other service to be obtained by the Association or paid for as Common Expenses, or for problems resulting from the operation or lack of operation of sewer lines servicing the Condominium Property, or for injury or damage to a person or property caused by the natural elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the Owner of any Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements or Limited Common Elements. No diminution or abatement of the Common Expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or to any Unit, or from any action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental or judicial authority or for the dispossession of the Unit Owner by reason of fire or other casualty, except to the extent covered by insurance.

7.16 Abatement of Violations. The violation of any Rule or Regulation adopted by the Board of Directors of the Association or breach of the provisions of the Condominium Documents, shall give the Developer, the Association or any Unit Owner the right, in addition to any other right or remedy elsewhere available, to fine, enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. All expenses of such actions or proceedings against a defaulting Unit Owner, including court costs, attorneys fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest lawful rate on judgments until paid, shall be charged to and assessed against such defaulting Owner, and the Association shall have a lien for all of the same upon the Unit of such defaulting Owner, upon all of his additions and improvements thereto and a security interest under the Alabama Uniform Commercial Code upon all of his personal property in his Unit or located elsewhere on the Condominium Property. Nothing herein contained shall prevent an Owner from maintaining such an action or proceeding against the Association and the expense of any action to remedy a default of the Association shall be a Common Expense if a court of competent jurisdiction finds the Association to be in default as alleged in such action or proceeding.

7.17 Failure of the Association to Insist on Strict Performance; No Waiver. Failure of the Association to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise any right

or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment from the future performance of such term, covenant, condition or restriction but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Association of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed to be a waiver of such breach and no waiver by the Association of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors of the Association.

7.18 **Use by Developer.** Subject to the rights of the Mortgagees hereunder, neither the Owners nor the Board of Directors of the Association nor their use of the Condominium Property or application of this Declaration shall interfere with the completion of any portion of the Common Elements, any Additional Units, the sales of the Units in the Condominium, or the withdrawal of certain property to the Condominium. Subject to the rights of the Mortgagees hereunder, the Developer may make such use of any of the unsold Units and of the Common Elements as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, management office and model units, the showing of the Condominium Property and the Units therein, the display of signs, banners, balloons and other promotional materials on any portion of the Condominium Property and the holding of promotional events on any portion thereon. Further, the construction contractors hired by Developer, or its assigns, which may build the Additional Units, shall have the right to maintain construction trailers and equipment on the Condominium Property until the last Unit is completed. These special declarant rights and other rights exist so long as Developer, or its assigns holds any Unit in the Condominium for sale in the ordinary course of business and until the construction of the last Additional Unit is completed.

ARTICLE VIII

RIGHTS OF MORTGAGEES

8.1 **Notification of Mortgagees Required.** Any Mortgagee shall have the right to be given written notification by the Association of (a) any sixty (60) day default by the Owner of the Unit covered by the Mortgage in the payment of assessments or in any other provision of the Condominium Documents; (b) any loss to or taking of the Common Elements if such loss or taking exceeds \$10,000; (c) damage to a Unit covered by the Mortgage if the amount of such damage exceeds \$1,000; (d) any condemnation of all or a portion of the Condominium Property; (e) a lapse or cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (f) any proposed action that requires the consent of a specified percentage of Mortgagees.

8.2 **Right of Inspection.** Mortgagees shall have the right to examine the books and records of the Association or the Condominium Property and to receive annual reports, other financial data, and, upon request, an annual audited statement, within ninety (90) days following the end of any fiscal year of the Association.

8.3 Priority of Mortgagees.

(a) Any lien which is or may be created hereunder upon any Unit, including, but not limited to, the lien created for assessments under Section 5.7 hereof and the right to foreclose the same is and shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by any Mortgage upon such interest made in good faith and for value and recorded prior to the creation of the lien hereunder, provided that after the foreclosure of any such Mortgage there may be a lien created pursuant to Section 5.7 hereof on the interest of the purchaser as an Owner after the date of such foreclosure sale to secure all assessments hereunder. After the date of such foreclosure sale, said lien, if any, shall be claimed and shall have the same effect and be enforced in the same manner provided herein.


(b) Notwithstanding the above, the lien created pursuant to Section 5.7 hereof is prior to any Mortgage to the extent of the Common Expense assessments based on the annual budget which would have become due in absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien.

(c) No provision of this Declaration, the Articles, the Bylaws or the Rules and Regulations shall be construed to grant to any Unit Owner, or to any other party any priority over any rights of the Mortgagees of the Units pursuant to their Mortgages in the case of distribution to Unit Owners of the insurance proceeds or condemnation awards for losses or a taking of any Units or the Common Elements or any portion thereof.

(d) As provided in the Act, all assessments, property taxes and other charges imposed by any taxing authority which may become liens prior to a Mortgage, shall be separately assessed against and collected on each Unit as a single parcel, and not on the Condominium Property as a whole.

(e) No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any Mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or otherwise.

8.4 Request for Protection by Mortgagees. Whenever the holder of any Mortgage desires the benefit of the provisions of this Article VIII to be applicable to it, it shall serve written notice of such fact upon the Association, addressed to the Association, and actually mailed to its address, identifying the Unit upon which it holds a Mortgage or identifying any Units owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it. Said notice shall designate the place to which the notices are to be given by the Association to such Mortgagee. Should the Association send notice of any action requiring the affirmative vote of the Mortgagee, and the Mortgagee shall not respond within sixty (60) days from notice of such right, the Mortgagee shall be deemed to have given its implied consent to such action.


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ARTICLE IX

CASUALTY LOSS AND INSURANCE

9.1 **Responsibility of Owners; Separate Insurance Coverage.** The Owner of each Unit may, at his or her expense, obtain insurance coverage for loss of or damage to the personal items located in the Unit and shall, at his or her expense, obtain insurance coverage against personal liability for injury to the person or property of another while in such Owner's Unit or upon the Common Elements in an amount not less than five hundred thousand dollars (\$500,000.00). Risk of loss of or damage to any furniture, furnishings and personal property belonging to or carried on the person of the Owner, or which may be stored on any Unit, or in or upon Common Elements, shall be borne by the Owner of each Unit. All furnishings and personal property constituting a portion of the Common Elements and held for the joint use and benefit of all Owners of Units shall be covered by such insurance as shall be maintained in force and effect by the Association as hereinafter provided. All insurance obtained by the Owner of each Unit shall, whenever such provisions shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners, the Association or Developer, and their respective servants, agents, employees and guests.

9.2 **Insurance to be Maintained by the Association.**

(a) **Hazard Insurance.** The Association shall obtain and maintain at all times a policy or policies of multi-peril type hazard insurance, including insurance for such other risks of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use, insuring the Condominium Property including all buildings against loss or damage by the perils of fire, lightning and those perils contained in extended coverage, vandalism and malicious mischief endorsements, and if the Condominium Property is located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards, the Board shall, to the extent obtainable, insure the insurable property included in the Condominium Property against the perils of flood under the National Flood Insurance Act of 1968 and acts amendatory thereto. The amount of hazard insurance coverage shall be determined on a replacement cost basis in an amount not less than one hundred percent (100%) of the then current replacement cost of the Units and Common Elements which constitute the Condominium Property, including the Common Elements and the Unit as purchased by the Unit Owner (but excluding land, foundations, excavations and other items usually excluded from such insurance coverage). Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for the use and benefit of the individual Owners (without naming them) in the proportionate shares equal to their respective percentage ownership of the Common Elements. Periodically, prior to the renewal of any such policy or policies of insurance, the Association should obtain an opinion or an insurance appraisal from a qualified appraiser for the purpose of determining the full replacement cost of the Units for the amount of insurance to be obtained pursuant hereto. The cost of any such opinion or appraisal shall be a Common Expense. All such policies of insurance shall comply with the provisions of Section 9.3 hereof and shall (i) contain standard mortgagee clause endorsements in favor of the Mortgagee or Mortgagees of each Unit, if any, as their

respective interest may appear; and (ii) provide that the insurance shall not be invalidated by any act or neglect of any Owner.

(b) Public Liability and Property Damage Insurance. The Association shall obtain and maintain a policy of public liability and property damage insurance in such amount (but not less than \$1,000,000.00) and in such form as shall be required by the Association to protect said Association and the Owners of all Units which provide coverage for bodily injury and property damage resulting from the operation, maintenance or use of the Common Elements and for legal liability resulting from employment contracts to which the Association is a party.

(c) Directors and Officers Liability Insurance. The Association shall maintain Directors and Officers liability insurance in an amount to be determined by the Board of Directors.

(d) Fidelity Bonds. The Association shall obtain and maintain fidelity bonds for any person who either handles or is responsible for funds held or administered by the Association naming the Association as the obligee. The amount of the fidelity bond should cover the maximum funds that will be in the custody of the Association, but not less than the sum of three months' assessments on all Units plus the reserve funds of the Association.

(e) Other Insurance. The Association may obtain and maintain such other insurance coverage as the Board of Directors of the Association, in its sole discretion, may determine from time to time to be in the best interest of the Association and the Unit Owners.

9.3 Governing Provisions. All insurance obtained and maintained by the Association as provided in Section 9.2 above shall be governed by the following provisions:

(a) All policies shall be written with a company licensed to do business in the State of Alabama and holding a financial rating of Class V or better and a general policyholders rating of "A" or better by Best's Insurance Reports or other then comparable rating.

(b) Exclusive authority to adjust all claims under the policies hereafter in force on the Condominium Property shall be vested in the Association or its authorized representatives.

(c) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with the insurance purchased by the Unit Owners or their Mortgagees.

(d) The Association shall be required to make every effort to secure insurance policies that will provide for the following:

(i) A waiver of subrogation by the insurer as to any claims against the Association, the Board of Directors, the Developer or the Unit Owners;

(ii) An agreement by the insurer that the insurance coverage cannot be terminated or materially changed without thirty (30) days prior written notice to the Association and the Mortgagee of each Unit;

(iii) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

9.4 **Premiums.** Premiums for insurance policies purchased by the Association shall be paid by the Association as a Common Expense; except that the amount of increase over the usual premium occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances or of the Common Elements by an Owner may be assessed against that Owner.

9.5 **Loss to Common Elements and/or Units.**

(a) In the event of loss of or damage to Common Elements and/or any Unit by reason of fire or other casualty, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the Association, to cover such loss or damage, shall be first applied to the repair, replacement or reconstruction of the Common Elements, then to the repair, replacement or reconstruction of the Units which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of the Common Elements and the Units sustaining any loss or damage, then such excess insurance proceeds shall be paid and distributed by the Association to the Owners of all Units, and to their Mortgagees, as their respective interests may appear.

(b) If there is no insurance coverage for such loss or damage, or if it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the Association are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be sufficient, then the Board of Directors of the Association shall, based on reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement or reconstruction among the Owners of the Units who sustained any loss or damage to their Units.

(c) If the proceeds of said fire or casualty insurance, if any, are sufficient to pay for the repair, replacement or reconstruction of any loss of or damage to the Common Elements, but are not sufficient to repair, replace or reconstruct any loss of or damage to the Units sustaining damage, then the Association shall levy and collect an assessment from the respective Owners of the Units who sustained any loss or damage to their Units, and the assessment so collected from said Owners shall be deposited with the Association, so that the sum on deposit with the Association shall be sufficient to completely pay for the repair, replacement or reconstruction of all Common Elements and the Units. In said event, the assessment to be levied and collected from the Owners of the Units shall be apportioned among such Owners in such manner that the assessment levied against each Owner of a Unit shall bear the same proportion to the total assessment levied against all of said Owners of Units sustaining loss or damage as the cost of repair, replacement or reconstruction of each Owner's Unit bears to the cost applicable to all of said Units sustaining loss or damage.

(d) If the fire or casualty insurance proceeds, if any, payable to the Association are not an amount which will pay for the complete repair, replacement or reconstruction of the Common Elements, it being recognized that such insurance proceeds are to be first applied to the payment for repair, replacement or reconstruction of said Common Elements before being applied to the repair, replacement or reconstruction of any Unit sustaining loss or damage, then the cost to repair, replace, or reconstruct said Common Elements in excess of available fire and casualty insurance proceeds shall be levied and collected as an assessment from the Owners of all Units in the same manner as would be levied and collected had the loss or damage sustained been solely to the Common Elements and the fire or casualty insurance proceeds had been insufficient to cover the cost of repair, replacement or reconstruction. The cost of repair, replacement or reconstruction of each Unit sustaining loss or damage shall then be levied and collected by assessment against the Owners of the Units sustaining the loss or damage in the same manner as is above provided for the apportionment of such assessment between Owners of any Units sustaining loss or damage.

9.6 **Estimates of Repair; Plans and Specifications; Payment of Assessments.** In the event of loss or damage to Condominium Property, the Association shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost of restoring damaged property to a condition as good as that which prevailed before such loss or damage. The estimate of repair shall be based upon the plans and specifications of the original buildings, or such other plans and specifications as may be approved by the Board of Directors of the Association, by all of the Owners of the damaged Units, and by not less than seventy-five percent (75%) of the Owners of all Units including the Owners of damaged Units. The Association shall be appointed as attorney-in-fact for each Unit Owner for the purpose of representing the Unit Owners in any proceeding, negotiation, settlement, or agreement arising from any loss or damage to the Condominium Property. Such estimates are to contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors of the Association may deem to be in the best interest of the membership of said Association. Whenever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of repair, replacement or reconstruction thereof, the additional money required to completely pay for such repair, replacement or reconstruction of said loss or damage whether to be paid by all of the Owners of Units or only by the Owners of Units sustaining loss or damage, or both, as herein provided, shall be paid to the Association not later than thirty (30) days from the date on which the Association shall receive the monies payable from the policies of fire and casualty insurance.

ARTICLE X

CONDEMNATION

10.1 **Condemnation Considered a Casualty Loss.** The taking of a portion of a Unit or the Common Elements by eminent domain shall be deemed to be a casualty loss, and except as otherwise provided in Section 10.2 below, the awards for such taking shall be deemed to be proceeds from insurance on account of the casualty and shall be applied and distributed by the Association in accordance with the provisions of Article IX. Even though the awards may be

payable to the Owners, the Owners shall deposit the awards with the Association; and in the event of failure to do so, in the discretion of the Board of Directors of the Association, a special assessment shall be made against a defaulting Owner in the amount of his award, or the amount of such award shall be set off against the sums hereinafter made payable to such Owner. If any Unit or portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Mortgagee of such Unit shall be entitled to timely written notice of any such proceeding or proposed acquisition as provided in Section 8.1, and no provision hereof shall entitle the Owner of such Unit or other party to priority over such Mortgagee with respect to the distribution of any award or settlement to the Owner of the Unit.

10.2 **Partial Condemnation.** In the event that the Condominium Property is not to be terminated and one or more Units are taken in part, the taking shall have the following effects:

(a) If the taking reduces the size of a Unit and the remaining portion of that Unit can be made tenantable, the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium Property:

(i) The Unit shall be made tenantable and if the cost of such work exceeds the amount of the award, the additional funds shall be assessed against the Owner of the Unit.

(ii) The balance of the award, if any, shall be distributed to the Owner of the Unit and the Mortgagee of the Unit, as their respective interests may appear.

(iii) If there is a balance of the award distributed to the Owner and the Mortgagee, the share of the Common Elements appurtenant to the Unit shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the Unit immediately prior to the taking, and then recomputing the shares of all Owners in the Common Elements as percentages of the total of their shares as reduced by the taking.

(b) If the taking destroys or so reduces the size of a Unit so that it may not be made tenantable, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium Property:

(i) The market value of such Unit immediately prior to the taking, shall be paid to the Owner of the Unit and to each Mortgagee of the Unit, as their respective interests may appear.

(ii) The remaining portion of such Unit, if any, shall become a part of the Common Elements and shall be placed in condition for use by all of the Owners, in the manner approved by the Board of Directors of the Association; provided, however, that if the cost of such work shall exceed the balance of the fund from the award for the

taking, such work shall be approved in the manner required for further improvement of the Common Elements under Section 6.3 above.

(iii) The shares in the Common Elements appurtenant to the Units which continue as a part of the Condominium Property shall be equitably adjusted to distribute the ownership to the Common Elements among the reduced number of Owners. This shall be done by recomputing the shares of such continuing Owners in the Common Elements as percentages of the total of the shares of such Owners as they exist prior to the adjustment.

(iv) If the amount of the award for taking is not sufficient to pay the market value of the condemned Unit to the Owner and to restore the remaining portion of the Unit in condition for use as a part of the Common Elements, the additional funds required for such purposes shall be raised by assessments against all of the Owners who will continue as Owners of the Units after the changes in the Condominium Property affected by the taking. Such assessment shall be made in proportion to the share of such Common Element ownership after the changes effected by the taking.

(c) If the market value of a Unit prior to the taking cannot be determined by agreement between the Owner and the Mortgagee and the Association within thirty (30) days after notice by any such party that agreement cannot be reached, such value shall be determined by three independent qualified appraisers with one appraiser to be selected by the Association, one appraiser to be selected by the Owner and Mortgagee, and the third appraiser to be selected by the two appraisers so appointed, and the fair market value of the Unit shall be deemed to be the average of the two appraisals of the fair market value of the Unit made by said appraisers having the least difference in amount. The cost of such appraisal shall be assessed against all Owners in the shares of the Common Element ownership as existed prior to the changes effected by the taking.

(d) Changes in the Units and in the ownership of the Common Elements and in the share of liability for Common Expenses which are affected by eminent domain, shall be evidenced by an amendment of this Declaration which need be approved only by a majority of the Board of Directors of the Association.

10.3 **Association Appointed As Attorney-In-Fact for Unit Owners.** The Association shall be appointed as attorney-in-fact for each Unit Owner for the purpose of representing such Unit Owners in any proceeding, negotiation, settlement or agreement arising from the condemnation or taking by eminent domain of the Condominium Property or any portion thereof.

ARTICLE XI

TERMINATION

11.1 **Termination by Consent.** Except in the event of this Declaration and plan of condominium ownership established herein being terminated as provided in Article X above, this

Declaration and said plan of condominium ownership may only be otherwise terminated by the agreement of Unit Owners to which at least eighty percent (80%) of the votes in the Association are allocated and the agreement of Mortgagees to which sixty-seven percent (67%) of the votes of Units that are subject to Mortgages are allocated. An agreement to terminate must be evidenced by the execution of a termination agreement, or ratification thereof, in the same manner as a deed, by Unit Owners who represent eighty percent (80%) of the votes in the Association and by Mortgagees who represent sixty-seven percent (67%) of the votes of Units that are subject to Mortgages. The termination agreement must specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement and all ratifications thereof shall be recorded in the Probate Office of Shelby County, Alabama, and the termination agreement is only effective upon recordation in said Probate Office. Following the termination of this Declaration and the plan of condominium ownership, the former Condominium Property and/or the proceeds from the sale thereof shall be held and distributed in accordance with the terms of § 35-8A-218 of the Act, as it may be amended.

11.2 **The Association Appointed as Attorney-In-Fact for Unit Owners.** The Association shall be appointed as attorney-in-fact for each Unit Owner for the purpose of representing such Unit Owners in any proceeding, negotiation, settlement or agreement arising from the termination of this Declaration and plan of condominium ownership established herein.

ARTICLE XII

AMENDMENT

12.1 **Amendments by Developer.** Without limiting the rights of the Developer to alter the Plans as described in Section 2.2, 2.3, 2.4 and Article III above, and notwithstanding any other provision herein contained, the following provisions shall be deemed to be in full force and effect.

(a) The Developer reserves the right to amend the Bylaws of the Association until such time as Developer relinquishes control of the Association as provided in Section 13.1 below.

(b) The Developer reserves the right to amend the Declaration and the Plat and Plans to exercise any development rights reserved herein.

(c) The Developer reserves the right at any time to amend this Declaration or the Plat and Plans to correct any scrivener's errors or to make Limited Common Element assignments.

(d) The Developer reserves the right at any time to amend this Declaration without the consent of other Owners if required by any Mortgagee as a condition of making a loan secured by an interest in a Unit in order to meet the requirements of the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association; provided that any such changes or amendments requested by a Mortgagee shall not materially affect the rights of the

Unit Owners or the value of the Condominium Unit or the undivided interest in the Common Elements attributable to each Unit Owner.

12.2 **Amendments by Unit Owners.** At such time as there is a Unit Owner other than the Developer, then, in addition to the amendments permitted under Section 12.1 above, the Declaration may be amended in the following manner:

(a) A proposal to amend this Declaration may be considered at any meeting of the Members of the Association called for that purpose in accordance with the provisions of the Bylaws; provided that the Association provides prior written notice of such meeting to the Mortgagees as provided in Section 8.1 above. The proposal to amend the Declaration must be approved by the affirmative vote of the members representing not less than sixty-seven percent (67%) of the total allocated votes of the Association and by the affirmative vote of the Mortgagees representing fifty-one percent (51%) of the total allocated votes of the Units subject to Mortgages.

(b) Notwithstanding the foregoing, no amendment to the Declaration under this Article 12 shall:


(i) change a Unit, including the ownership in Common Elements, responsibility for Common Expenses and voting rights, without the prior written approval of the Unit Owner or Unit Owners so affected and prior written approval of the holders of record of any mortgage or other liens on the Unit or Units so affected; or

(ii) change, impair or prejudice the rights of Developer or change the provisions of this Declaration with respect to the Developer's rights reserved under the Act and this Declaration without Developer's prior written approval.

12.3 **Effectiveness of Amendments.** A copy of each amendment so adopted shall be certified by the President or a Vice President and Secretary or Assistant Secretary of the Association as having been duly adopted, and shall be effective when recorded in the Office of the Judge of Probate of Shelby County, Alabama.

ARTICLE XIII

CONTROL OF THE ASSOCIATION


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13.1 **Election of Board of Directors.** Developer, its successors or assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill the vacancies, until no later than the earlier of either (a) sixty (60) days after 75% of the total number of Units which may be created in the Condominium have been conveyed to purchasers of Units, (b) two (2) years have elapsed since Developer offered Units for sale in the ordinary course of business, or (c) two (2) years have elapsed since Developer exercised a development right to add Additional Units to the Condominium, provided that the Developer may, at its option, terminate its control of the Board at an earlier date.

13.2 **Notice of Meeting.** At least sixty (60) days before the date of termination of control of the Association by the Developer, the Association shall call and give not less than ten (10) days, nor more than thirty (30) days', notice of a meeting of the Unit Owners for the purpose of electing the members of the Board of Directors of the Association. Such meeting shall be called and the notice given in accordance with the Bylaws.


13.3 **Status of Unsold Units.**

(a) Developer shall be deemed to be the Owner of each Unit which has not been conveyed to a person other than the Developer. Unless otherwise provided in the Condominium Documents, the Developer shall be entitled to all rights and privileges available to, and shall be subject to any and all obligations and duties imposed upon, the Owner of any such Unit under the Condominium Documents.

(b) Any person having a first Mortgage lien against any Unit which has not been conveyed to a person other than Developer, whether under a blanket mortgage affecting the Condominium Property generally or under a Mortgage on one or more specific Units, shall be deemed to be a Mortgagee with respect to any such Unit, and shall be entitled to all rights and privileges available to a Mortgagee of any such Unit under the Condominium Documents.

(c) Notwithstanding the provisions of Sections 5.2 and 13.3(a) above, no assessments shall be imposed by the Association against the Developer as the Owner of unsold Units until such time as sixty (60) days after the conveyance of the first Unit. During such period, Developer shall be responsible for the Common Expenses of the Condominium Property, except that the Developer shall be entitled to use and apply to the payment of such Common Expenses any and all assessments made against the Unit Owners other than Developer and collected by the Association for Common Expenses, including the two (2) months' assessment paid by each Owner as working capital.

13.4 **Professional Management and Other Contracts.** Any management contract, employment contract or contract between the Developer or an affiliate of the Developer and the Association made during the period of Developer control of the Board of Directors pursuant to Section 13.1 above shall provide the following:


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(a) The Association shall have the right of termination which is exercisable without penalty any time upon not more than ninety (90) days' written notice to the other party thereto; and

(b) The Association shall have a right of termination for cause which is exercisable without penalty at any time upon not more than thirty (30) days' written notice to the other party thereto.

ARTICLE XIV

DISPUTE RESOLUTION

14.1 Agreement to Resolve Disputes Without Litigation.

(a) Developer, the Association and its officers, directors, and committee members, all Owners, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Party"), agree that it is in the best interest of all concerned to resolve disputes involving the Condominium, the Association and/or the Owners without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim (hereinafter defined), and to submit such Claim to the alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of the Condominium Documents; or

(ii) the rights, obligations and duties of any Bound Party under the Condominium Documents or related agreement;

except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

(c) any suit by the Association to collect Assessments or other amounts due from any Owner;

(i) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration;

(ii) any suit between Owners, which does not include Developer or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Condominium Documents;

(iii) any suit in which any indispensable party is not a Bound Party, except the construction contractor, marketing agent or Condominium architect; and

(iv) any suit as to which any applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 14.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

14.2 **Dispute Resolution Procedures.**

(a) **Notice.** The Bound Party asserting a Claim (“Claimant”) against another Bound Party (“Respondent”) shall give written notice (“Notice”) to each Respondent and to the Board stating plainly and concisely:

(i) the nature of the Claim, including the persons involved and the Respondent’s role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the Claimant’s proposed resolution or remedy; and

(iv) the Claimant’s desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) **Negotiation.** The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) **Mediation.** If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the Notice described in Section 14.2(a) (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency or individual providing dispute resolution services in the State of Alabama selected by both sides if the Association is a party. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim. If the parties do not settle the Claim within thirty (30) days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. To further pursue the Claim, the Claimant shall thereafter be required to initiate arbitration

proceedings on the Claim, as set forth in Section 14.2(e) below. Each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally all fees charged by the mediator, unless the arbitrator awards attorney's fees and costs to the prevailing party.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

(e) Arbitration; No Trial by Jury. All Claims or other matters in question arising out of, or relating in any way to the Condominium or the breach of and contract between the Bound Parties that are not resolved by negotiation or mediation shall be resolved by binding arbitration by a single arbitrator in Jefferson County, Alabama in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect.

**EACH PARTY ACKNOWLEDGES THAT HE OR SHE IS KNOWINGLY
WAIVING THE RIGHT TO A TRIAL BY JURY RELATING TO ALL CLAIMS.**

All disputes concerning the arbitrability of any Claim or the enforceability or scope of this provision shall be subject to the same binding arbitration. The parties shall bear equally the cost of the arbitrator, and each party shall otherwise bear their own costs; provided, the arbitrator shall have the authority to award costs and attorney's fees as a part of the award to the extent authorized by the Declaration and applicable law. The arbitrator shall follow the law applicable to any Claim and shall be empowered to award any damages or other relief which would be available under the law applicable to any such Claim. The determination of the arbitrator shall be final, binding on the parties, and non-appealable and may be entered in any court of competent jurisdiction to enforce it. The parties acknowledge and agree that the transactions contemplated by, and relating to, the Condominium, which may include the use of materials and components which are obtained from out-of-state and which otherwise include the use of interstate mails, roadways and commerce, involve interstate commerce, as that term is defined in the Federal Arbitration Act, 9 U.S.C. § 2.

14.3 Initiation of Litigation by Association. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceedings unless first approved by a vote of the members entitled to cast seventy-five percent (75%) of the votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated during the period that the Developer controls the Association;
- (b) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;
- (c) initiated to challenge property taxation or condemnation proceedings;
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Section 14.3 shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

14.4 Developer's Right to Cure Alleged Defects. Due to the complex nature of construction and the subjectivity involved in evaluating quality of construction, disputes may arise as to whether a defect exists and the Developer's responsibility therefore. It is the Developer's intent to resolve all disputes and claims regarding any Alleged Defect (as defined below) amicably, and without the necessity of time-consuming and costly litigation. Accordingly, the Association and all Unit Owners shall be bound by the following claim resolution procedure with respect to Alleged Defects:

(a) **Developer's Right to Cure.** In the event that the Association, Board or any Unit Owner or Unit Owners (a "Complaining Party") claim, contend or allege that any portion of the Condominium, including, without limitation, the Common Elements, the Limited Common Elements, any Unit, and/or any Units or on the Condominium Property, are defective or that the Developer or its assigns, agents, consultants, contractors or subcontractors (collectively, the "Developer's Agents") were negligent in the planning, design, engineering, grading, construction or other development thereof (collectively an "Alleged Defect"), the Developer or its assigns, including the construction contractor hereby reserves the right to inspect, repair and/or replace such Alleged Defect as set forth herein.

(b) **Notice to Developer and/or Construction Contractor.** In the event that a Complaining Party discovers any Alleged Defect, such Complaining Party shall, within a reasonable time after discovery, notify the Developer in writing, at such address as the Developer may from time to time provide to the Association, or such other address at which the Developer maintains its principal place of business, of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

(c) **Right to Enter, Inspect, Repair and/or Replace.** Within a reasonable time after the receipt by Developer of a Notice of Alleged Defect or the independent discovery of any Alleged Defect by the Developer, the Developer shall have the right, upon reasonable notice to the Complaining Party and during normal business hours, to enter onto or into, as applicable, the Common Elements, the Limited Common Elements, any

Unit or other portion of the Condominium Property for the purposes of inspecting and, if deemed necessary by the Developer, repairing and/or replacing such Alleged Defect. In conducting such inspection, repairs and/or replacement, the Developer shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances.

(d) Invocation of Dispute Resolution Procedures. No Complaining Party shall initiate dispute resolution procedures as set forth above against the Developer alleging damages (1) for the costs of repairing or the replacement of any Alleged Defect, (2) for the diminution in value of any real or personal property resulting from such Alleged Defect, or (3) for any consequential damages resulting from such Alleged Defect, unless and until the Complaining Party has (i) delivered to the Developer a Notice of Alleged Defect and (ii) the Developer has, within ninety (90) days after its receipt of such Notice of Alleged Defect, either (a) failed to repair or replace such Alleged Defect or (b) if such Alleged Defect cannot reasonably be repaired or replaced within such ninety (90) day period, failed to commence such repair or replacement of the Alleged Defect and, thereafter, failed to pursue diligently such repair or replacement to completion.

(e) No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in this Paragraph 14.4 shall be construed to impose any obligation on the Developer to inspect, repair, or replace or pay for any item or Alleged Defect for which the Developer is not otherwise obligated to do under applicable law, the Limited New Home Warranty, or other agreement to which the Developer is a party. The right of the Developer to enter, inspect, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and recorded by the Developer in the Office of the Judge of Probate of Shelby County, Alabama. This provision does not create any warranties, express or implied, on the part of the Developer, its assigns or the Association.

(f) Arbitration. Any disagreement between an Owner, Owners, the Board, and/or the Association, on the one hand, and the Developer on the other, concerning Developer's efforts to remedy or repair any Alleged Defect (a "Dispute"), after compliance with the foregoing provisions of this Section 14.4, shall be resolved by binding arbitration conducted in Jefferson County, Alabama in accordance with the Construction Arbitration Rules of the American Arbitration Association then in effect. Without limiting the foregoing, it is expressly agreed that this agreement to arbitrate also covers any and all claims that Buyer may assert against the Builder, the construction contractor(s) and/or design-builder(s) for the Condominium, and its/their subcontractors, sub-consultants and affiliates (sometimes herein referred to as "Contractor Parties") or the Developer. At the option of the Developer, any other person or entity with whom or which the Developer has an agreement for binding arbitration may be joined in an arbitration proceeding hereunder. The award rendered by the arbitrators shall be a reasoned award and shall be final and binding upon the parties to the arbitration, and judgment upon the award may be entered in any court having jurisdiction over any of the parties thereto. Arbitration proceedings pertaining to a Dispute shall be

transcribed verbatim by a competent court reporting company selected by the American Arbitration Association.

EACH PARTY ACKNOWLEDGES THAT HE OR SHE IS KNOWINGLY WAIVING THE RIGHT TO A TRIAL BY JURY RELATING TO ALL CLAIMS.

The initial fee of the American Arbitration Association shall be borne by the party initiating the Dispute, and all other costs of the arbitration, including the costs and fees of the arbitrators, and the expense of transcription, shall be borne in equal shares by (a) the Owner or Owners and/or Association, (b) Developer and (c) any Contractor Parties and/or other parties to the arbitration joined at Owner's option. Notwithstanding anything herein to the contrary, the respective parties to the arbitration shall each be responsible for their own costs incurred in the arbitration with respect to third party expenses, including but not limited to, costs of discovery, attorneys' fees, accountants' fees, investigation expenses, and experts' fees.

ARTICLE XV

MISCELLANEOUS

15.1 **Rights and Powers of Successors and Assignees.** The rights and powers reserved to or exercisable by the Developer under the Condominium Documents or the Act may be exercised by any successor or assignee of the Developer (i) who acquires title from the Developer by foreclosure or other judicial sale or deed in lieu of foreclosure, or (ii) to whom the Developer specifically assigns such rights and powers.

15.2 **Headings.** The captions herein are used solely as a matter of convenience and shall not define, limit or expand any term or provision of this Declaration.


15.3 **Gender/Number.** Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural, and any gender shall be deemed to include all genders.

15.4 **Exhibits.** Exhibits A, B, C, D, E, F, and G attached to this Declaration are an integral part of this Declaration.

15.5 **Invalidity and Severability.** It is the intention of the Developer that the provisions of this Declaration are severable so that if any provision is invalid or void under any applicable federal, state or local law or ordinance, decree, order, judgment or otherwise, the remainder shall be unaffected thereby.

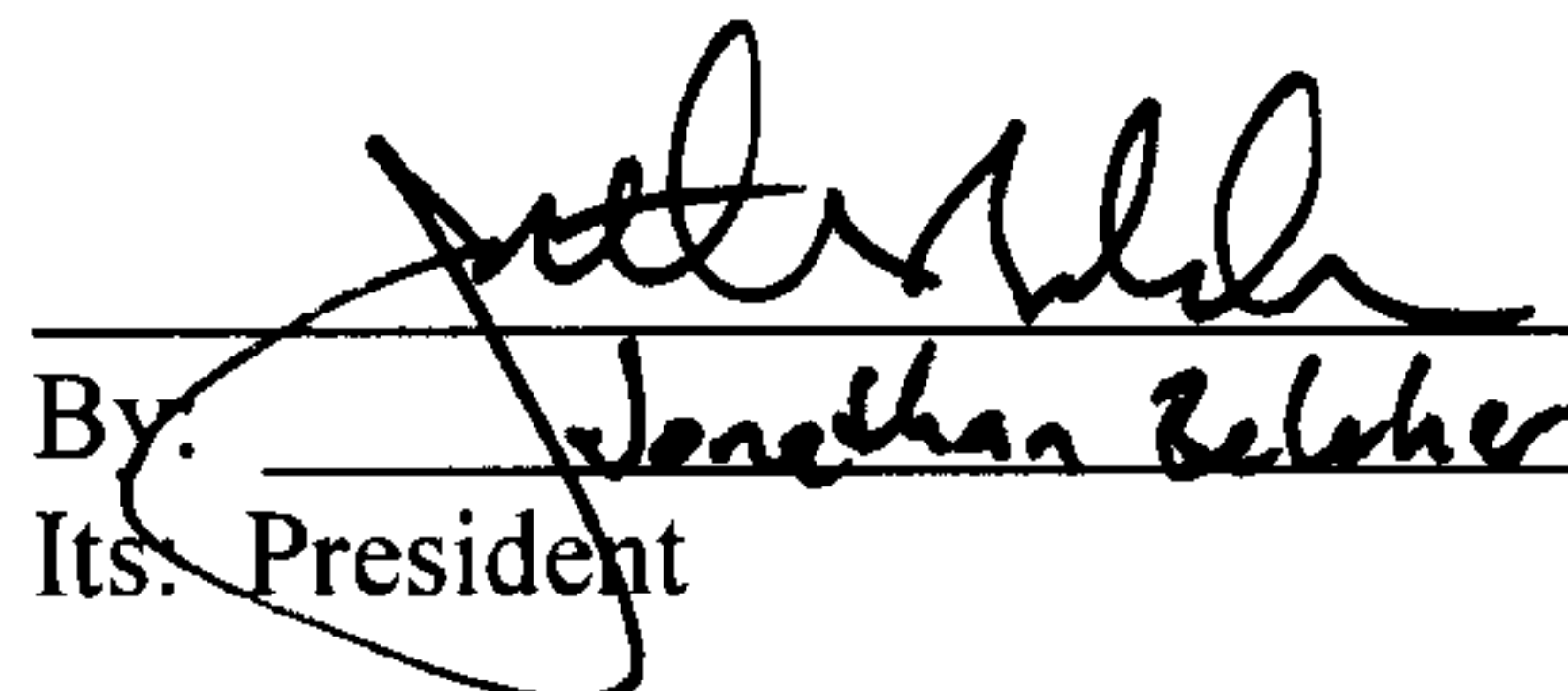
15.6 **Interpretation.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

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IN WITNESS WHEREOF, the Developer has hereunto set its signature and seal on the day and year first above written.

CAHABA BEACH INVESTMENTS, LLC,
an Alabama limited liability company

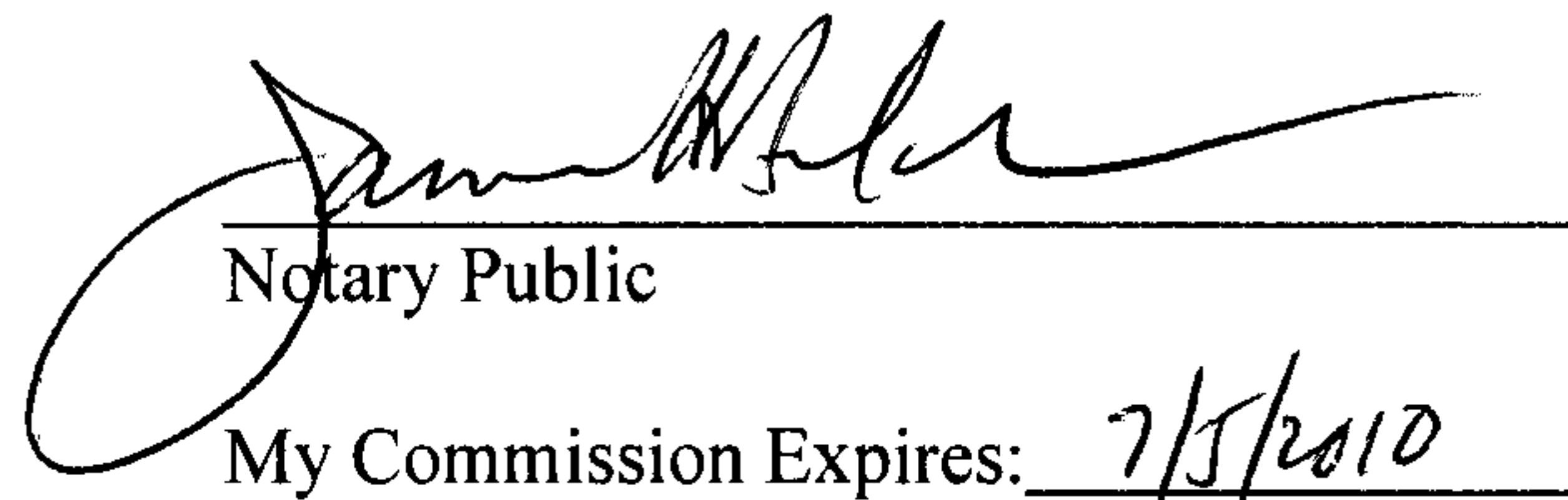

By: Jonathan Belcher
Its: President

STATE OF ALABAMA)
JEFFERSON COUNTY)


I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Jonathan Belcher, whose name as President of **CAHABA BEACH INVESTMENTS, LLC**, an Alabama limited liability company, is signed to the foregoing Declaration of Condominium, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing Declaration of Condominium, he as such officer and with full authority, executed the same voluntarily on the date the same bears date.

Given under my hand and official seal of office this ____ day of February, 2010.

[NOTARIAL SEAL]


Notary Public
My Commission Expires: 7/5/2010

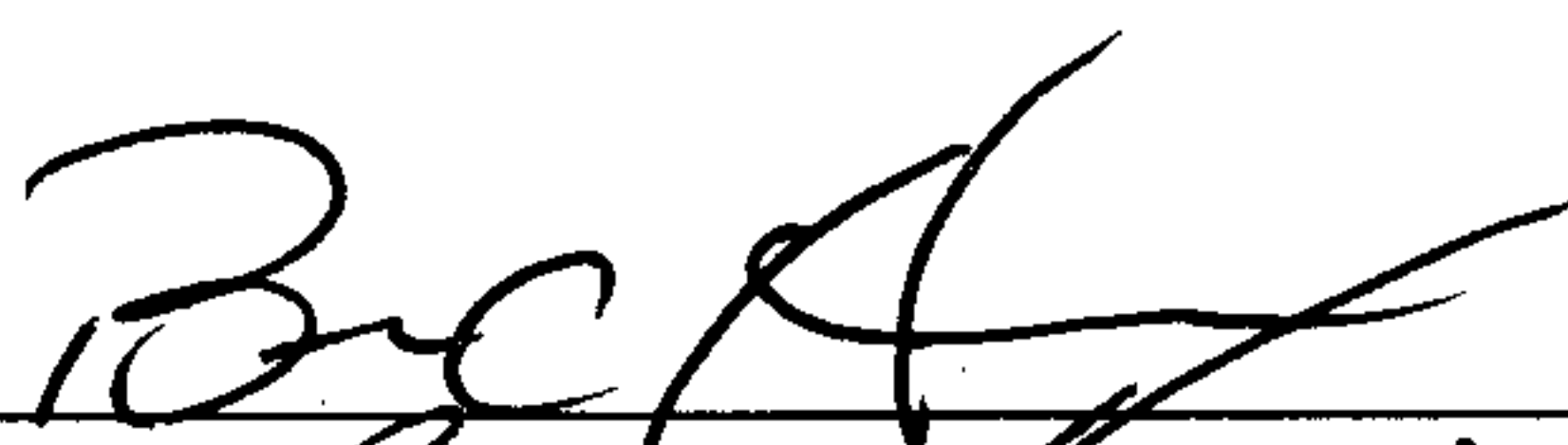
NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: July 5, 2010
BONDED THRU NOTARY PUBLIC UNDERWRITERS


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The undersigned, as *Mortgagee* under the Mortgage encumbering the real property identified in the foregoing Declaration of Condominium of The Lofts at Edenton, A Condominium joins in the execution of the foregoing Declaration of Condominium of The Lofts at Edenton, A Condominium for the sole purpose of consenting to the filing of the Declaration of Condominium of The Lofts at Edenton, A Condominium and the creation of the Condominium.

The undersigned is not the Developer, and does not assume any obligation whatsoever under the terms, covenants and conditions of the foregoing Declaration of Condominium, and the execution hereof does not in any way subordinate or make the said Mortgage inferior to the said Declaration of Condominium.

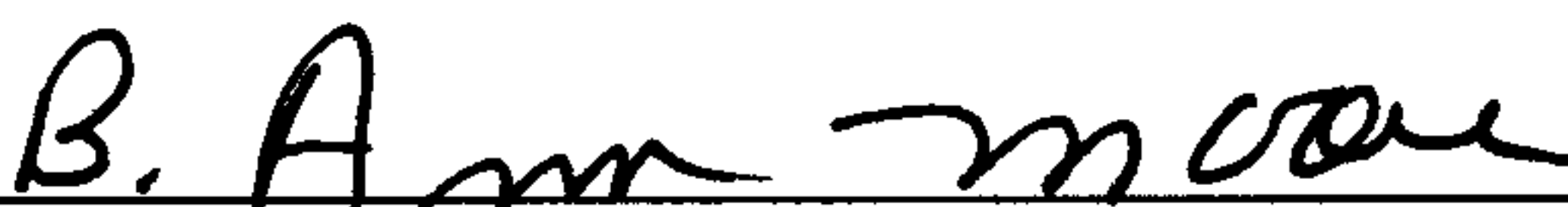
COMPASS BANK

By: 
Its: SEVEN ASSETS

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Ben C. Hendrix, whose name as S.R. V. P. of Compass Bank is signed to the foregoing Declaration of Condominium, and who is known to me, acknowledged before me on this day that, being informed of the contents of the Declaration of Condominium, he/she as such officer, and with full authority, executed the same voluntarily for and as the act of said company on the day the same bears date.

Given under my hand and seal of office this 11th day of February, 2010.


Notary Public

[NOTARIAL SEAL]

My commission expires: 11-6-10



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EXHIBIT A
LEGAL DESCRIPTION
OF THE CONDOMINIUM PROPERTY

STATE OF ALABAMA
SHELBY COUNTY

A parcel of land located in the Northwest 1/4 of the Northwest 1/4 of Section 31, Township 18 South, Range 1 West, Shelby County, Alabama and being more particularly described as follows:

Commence at a 3" capped pipe locally accepted as the N.W. corner of said Section 31; thence S 00°00'00" Wand along the West line of said Section 31 a distance of 165.05 feet; thence S 00°03'08" W along the West line of said Section 31 a distance of 160.19 feet to the POINT OF BEGINNING; thence continuing along the last described course for a distance of 354.32 feet; thence leaving said Section line S 89°13'30" E a distance of 133.56 feet; thence S 00°05'41" E a distance of 328.01 feet;

thence S 89°14'40" E a distance of 396.07 feet; thence N 14°35'30" E a distance of 189.66 feet; thence N 14°16'46" E a distance of 164.58 feet; thence N 14°28'55" E a distance of 164.45 feet; thence N 01°05'27" E a distance of 84.40 feet; thence N 43°54'32" W a distance of 37.89 feet; thence N 01°15'05" E a distance of 77.65 feet; thence N 88°44'55" W a distance of 153.49 feet; thence S 01°15'05" W a distance of 203.22 feet; thence N 88°44'55" W a distance of 163.00 feet; thence N 01°15'05" E a distance of 206.80 feet to the beginning of a curve to the right, said curve having a radius of 405.00 feet, a central angle of 17°05'57", a chord length of 120.42 feet and a chord bearing of N 72°34'32" W; thence run along the arc of said curve a distance of 120.87 feet; thence S 33°15'08" W a distance of 58.56 feet; thence N 89°56'52" W a distance of 173.02 feet to the POINT OF BEGINNING.

Said parcel containing 7.97 Acres, more or less.



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EXHIBIT B

LEGAL DESCRIPTION OF THE PROPERTY SUBJECT TO DEVELOPMENT RIGHT TO WITHDRAW SUCH PROPERTY FROM THE CONDOMINIUM

STATE OF ALABAMA
SHELBY COUNTY

A parcel of land located in the Northwest 1/4 of the Northwest 1/4 of Section 31, Township 18 South, Range 1 West, Shelby County, Alabama and being more particularly described as follows:

Commence at a 3" capped pipe locally accepted as the N.W. corner of said Section 31; thence S 00°00'00" W and along the West line of said Section 31 a distance of 165.05 feet; thence S 00°03'08" W along the West line of said Section 31 a distance of 160.19 feet to the POINT OF BEGINNING; thence continuing along the last described course for a distance of 354.32 feet; thence leaving said Section line S 89°13'30" E a distance of 133.56 feet; thence S 00°05'41" E a distance of 328.01 feet; thence S 89°14'40" E a distance of 396.07 feet; thence N 14°35'30" E a distance of 189.66 feet; thence N 14°16'46" E a distance of 164.58 feet; thence N 14°28'55" E a distance of 15.87 feet; thence N 88°08'31" W a distance of 252.16 feet; thence N 01°43'03" E a distance of 125.56 feet; thence N 88°44'55" W a distance of 58.93 feet; thence N 01°15'05" E a distance of 206.80 feet to the beginning of a curve to the right, said curve having a radius of 405.00 feet, a central angle of 17°05'57", a chord length of 120.42 feet and a chord bearing of N 72°34'32" W; thence run along the arc of said curve a distance of 120.87 feet; thence S 33°15'08" W a distance of 58.56 feet; thence N 89°56'52" W a distance of 173.02 feet to the POINT OF BEGINNING.

Said parcel containing 6.41 Acres, more or less.



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EXHIBIT C
BYLAWS OF
THE LOFTS AT EDENTON ASSOCIATION, INC.



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**BYLAWS
OF
THE LOFTS AT EDENTON CONDOMINIUM ASSOCIATION, INC.**

ARTICLE I

THE ASSOCIATION

Section 1.01 Name. The name of the Association shall be the "The Lofts at Edenton Condominium Association, Inc.," an Alabama nonprofit corporation (the "Association"), which has been formed pursuant to the Articles of Incorporation of the Association (the "Articles") which have been filed with the Office of the Judge of Probate of Shelby County, Alabama (the "Probate Office"). The provisions of these Bylaws are expressly subject to the terms and provisions of the Declaration of The Lofts at Edenton, A Condominium, dated as of 2/27, 2010, which has been or will be recorded in the Probate Office (which, together with all subsequent amendments thereto, is hereinafter referred to as the "Declaration"). Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Declaration.

Section 1.02 Principal Office. The principal office of the Association in the State of Alabama shall be located at 3545 Market Street, Birmingham, Alabama 35226. The Association may have such other offices, either within or without the State of Alabama, as the Board may designate from time to time.

Section 1.03 Registered Office. The registered office of the Association required by the Alabama Nonprofit Corporation Act to be maintained in the State of Alabama shall be the same as the principal office of the Association.


ARTICLE II

MEMBERS

Section 2.01 Membership. Each Unit Owner shall be a member of the Association. Cahaba Beach Investments, LLC, an Alabama limited liability company (as referred to in these Bylaws, the "Declarant"), shall be deemed a member of the Association, and subject to the limitations set forth in Section 3.03(b), Section 3.3(c), and Section 3.03(e) below, shall have all voting rights attributable to each Unit owned by Declarant. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Unit. Notwithstanding anything provided herein or in the Articles to the contrary, during the declarant control period, Declarant shall have the sole and exclusive right to appoint and remove certain members of the Board in accordance with the terms and provisions of Section 3.03(a) below. The voting rights of any Member who has violated the Declaration or who is in default in the payment of any Assessment may be limited and suspended in accordance with the provisions of the Declaration or these Bylaws.

Section 2.02 Annual Meeting. The annual meeting of the Members of the Association shall be held annually on such date and at such time during either the first quarter or fourth quarter of each calendar year as shall be established from time to time by the Board. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. At each annual meeting, the Members of the Association shall, subject to the terms of Section 3.03 of these Bylaws, elect the Board of Directors and otherwise transact such other business as may come before such meeting.

Section 2.03 Special Meetings. Special meetings of Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or a majority of the Board of Directors and shall be called by the President or Secretary of the Association upon the petition of at least twenty percent (20%) or more of the total votes in the Association. As used herein, the term "total votes in the Association" shall mean and refer to the total number of votes of all Members entitled to vote on any matter determined pursuant to the respective allocated interests of the Members.


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Section 2.04 **Place of Meeting.** The Board may designate any place, either within or without the State of Alabama, as the place of meeting for any annual or special meeting. In the absence of any designation, all meetings shall be held at the principal office of the Association in the State of Alabama.

Section 2.05 **Notice of Meeting.** Written or printed notice stating the place, day and hour of the meeting and the items on the agenda, and, also, (a) in case of a special meeting, or (b) of a meeting which is required by statute to be held for any special purpose, or (c) of an annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken. Such notice shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting.

Section 2.06 **Quorum.** Subject to the provisions of Section 5.08 below, with respect to the annual or any special meeting of the Members of the Association, a quorum shall be deemed to exist if Members of the Association entitled to cast at least thirty percent (30%) of the total votes in the Association are present, in person or by proxy, at the beginning of such meeting. At such time that a quorum is obtained, the vote of a majority in interest of the Members who are voting, in person or by proxy, at such meeting shall be required to approve any matter submitted to the Members of the Association for approval. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members thereby leaving less than a quorum.

Section 2.07 **Proxies.** At all meetings of the Members of the Association, a Member may vote either in person or by proxy executed in writing by the Member or by his or her duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.08 **Voting by Members.**

(a) Subject to the provisions of this Section 2.08 and Section 3.03 below, each Member of the Association shall be entitled to one vote. No fractional voting shall be permitted. If a Unit is owned by more than one person and if only one of those persons is present at a meeting of the Association, that person shall be entitled to cast the vote appertaining to such Unit; provided, however, that if more than one of those persons is present, the vote appertaining thereto shall be cast only in accordance with their unanimous agreement, and, if no unanimous agreement is reached, the vote appurtenant to such Unit shall be suspended and shall not be counted in any vote held at a meeting of the Members; provided, however, that such Member shall be counted for the purposes of determining whether a quorum exists for the holding of any meeting of Members.

(b) For purposes of these Bylaws and the Articles, the vote of a “majority” of the Members of the Association shall mean the vote, whether in person or by proxy, of at least fifty-one percent (51%) of the total number of votes entitled to vote on a matter which are voted at a duly constituted annual or special meeting of the Members (*i.e.* an annual or special meeting at which a quorum is present); provided, however, that any Member whose voting rights in the Association or under the Declaration are then currently suspended shall not be entitled to vote on any matters and shall not be included in any determination as to whether a quorum exists. There shall be no cumulative voting by the Members.

(c) Notwithstanding anything provided in these Bylaws or the Articles to the contrary, any amendments to the Declaration (including, without limitation, the termination of the Declaration) must be voted on and approved by the requisite number of Members as set forth in the Declaration.

Section 2.09 **Informal Action by Members.** Any action required to be taken at a meeting of the membership, or any other action which may be taken at a meeting of the membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01 General Powers. The business and affairs of the Association shall be managed by or under the direction of the Board of Directors (individually a “Director” and collectively, the “Directors”). The Board shall have all of the powers and duties necessary for the administration of the business and affairs of the Association and may do all acts and things for and on behalf of the Association as may be authorized or allowed under these Bylaws, the Articles, the Declaration, the Act or otherwise by law. Except as otherwise expressly provided to the contrary in these Bylaws, the Declaration or the Act, all actions and powers of the Association shall be taken and exercised solely by the Board.

Section 3.02 Number, Qualifications and Nominations.

(a) The number of Directors of the Board initially shall be three (3). At such time as twenty-five percent (25%) of all Units which may be created pursuant to the Declaration (including any Units which Declarant may elect, but without obligation to do so, pursuant to the exercise of the special declarant rights, to construct) have been conveyed to Unit Owners other than the Declarant (the “25% Conveyance”), the number of Directors of the Board shall increase to four (4). At such time as fifty percent (50%) of all Units which may be created pursuant to the Declaration (including any Units which Declarant may elect, but without obligation to do so, pursuant to the exercise of the special declarant rights, to construct) have been conveyed to Unit Owners other than the Declarant (the “50% Conveyance”), the number of Directors of the Board shall increase to five (5). From and after the expiration of the declarant control period, the number of Directors of the Board shall be five (5). Each Director shall hold office until his or her successor shall have been elected and qualified.

(b) During the declarant control period, Declarant shall have the sole and exclusive right to appoint, remove and designate all officers of the Association and all members of the Board, except as follows:

(i) No later than ninety (90) days after the occurrence of the 25% Conveyance, at least one member of the Board and not less than twenty-five percent (25%) of the members of the Board must be elected by the Unit Owners other than Declarant; and

(ii) No later than ninety (90) days after the occurrence of the 50% Conveyance, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board must be elected by Unit Owners other than Declarant.

For the purposes of this Section 3.02(b) the references above to the conveyance of twenty-five percent (25%) and fifty percent (50%) of all Units are references to the total number of Units within the Condominium without regard to the Allocated Interest of the Units.

(c) Notwithstanding anything provided to the contrary in Section 3.02(b) above, Declarant may, in its sole and absolute discretion, voluntarily surrender the right to appoint and remove officers and members of the Board prior to the termination of the declarant control period; provided, however, that in such event, Declarant may require, in an instrument executed and recorded by Declarant in the Probate Office, that for the duration of the declarant control period, specific actions by or on behalf of the Association and Board are subject to the approval of Declarant prior to the same becoming effective.

(d) Following the expiration of the declarant control period, all members of the Board shall be elected by the Unit Owners (including Declarant, to the extent the Declarant is the owner of any Unit).

(e) Directors appointed by the Declarant need not be residents of the State of Alabama or Members of the Association. Directors elected by the Members must, subject to the provisions of Section 35-8A-303(f) of the Act, be either (i) a Members the Association or (ii) any agent, employee, trustee, beneficiary, officer, director, shareholder, partner, member or manager of any Member or (iii) Declarant or any of its officers, agents, managers, members, shareholders or directors.

(f) At any and all times that any members of the Board are to be elected by the vote of the Members, the then existing members of the Board shall appoint a nominating committee consisting only of Members of the Association. At least ten (10) days prior to any meeting of the Members, the nominating committee shall provide written notice to all Members identifying those candidates who have been nominated for any positions on the Board which will be filled by the vote of the Members. The number of candidates proposed to fill upcoming vacancies on the Board shall be determined by the nominating committee.

(g) At each meeting of the Members at which the Members are to elect any Directors, the Members will have the right to nominate from the floor (or write-in on any ballot) the name(s) of any Member(s) not nominated by the nominating committee as a candidate for any position on the Board which will be vacated and filled by the vote of the Members at such meeting.

Section 3.03 Election, Tenure, Removal, and Replacement of Directors.

(a) Subject to the provisions of Section 3.02(b) above, prior to the expiration of the declarant control period, Declarant shall have the sole and exclusive right to appoint and remove, with or without cause, three (3) members of the Board. Each member of the Board appointed by Declarant shall serve an initial term of one (1) year; provided, however, that Declarant may, in its sole discretion, remove any member of the Board of Directors approved by Declarant at any time, with or without cause, upon written notice to such member of the Board of Directors. In the event of the death or resignation of a member of the Board appointed by Declarant, Declarant shall appoint a substitute member of the Board to fill the vacancy of such deceased or resigned member of the Board for the remainder of the term of such member of the Board.

(b) Not later than 90 days after the occurrence of the 25% Conveyance, the number of Directors shall increase to four and the President shall call for an election by which the Members, other than Declarant, shall be entitled to elect one (1) additional Director as the fourth member of the Board. The remaining three (3) Directors shall be appointed (and may be removed at any time) by Declarant. The Director elected by the Members pursuant to this Section 3.03 (b), shall not be subject to removal by Declarant and shall be elected for a term of two (2) years or until the expiration of the declarant control period, whichever is shorter; provided, however, that all Directors shall serve until such time as their respective successors have been duly elected.

(c) Not later than 90 days after the occurrence of the 50% Conveyance, the number of Directors shall increase to five and the President shall call for an election by which the Members, other than Declarant, shall be entitled to elect one (1) additional Director as the fifth member of the Board. The remaining three (3) Directors shall be appointed (and may be removed at any time) by Declarant. The Directors elected by the Members pursuant to this Section 3.03(c), shall not be subject to removal by Declarant and shall each be elected for a term of two (2) years or until the expiration of the declarant control period, whichever is shorter; provided, however, that all Directors shall serve until such time as their respective successors have been duly elected.

(d) Upon the expiration of declarant control period, the President shall call for an election by which the Members, including Declarant to the extent Declarant owns any Unit, shall be entitled to elect all five (5) Directors. At the first meeting of the Members of the Association following the expiration of the declarant control period, the Members shall elect five (5) Members of the Board to serve the following terms: two (2) candidates shall serve three (3) year terms on the Board, two (2) candidates shall serve two (2) year terms on the Board and one (1) candidate shall serve a one (1) year term on the Board. Such candidates shall be nominated pursuant to the provisions of Section 3.02(f) above and shall be elected for the following terms: (i) the two (2) candidates receiving the first and second highest number of votes shall each be elected to three (3) year terms, (ii) the next two (2) candidates receiving the third and fourth highest number of votes shall each be elected to two (2) year terms and (iii) the next candidate receiving the fifth highest number of votes shall be elected to a one (1) year term. All such elected members of the Board shall serve until such time as their respective successors have been duly elected. At each subsequent annual meeting of the Members following the expiration of the declarant control period, the Members shall elect Directors for terms of three (3) years each to fill the position of any expired terms of any Director. Following the expiration of the declarant control period, at least a majority of the Directors must be Unit

Owners (or spouses of Owners), other than Declarant, and no person may be elected to serve as a Director for more than three (3) consecutive terms (regardless of the length of such consecutive terms).

(e) At any annual or special meeting of the Members duly called at which a quorum is present, any one or more of the Directors, other than Directors appointed by Declarant, may be removed with or without cause by the vote of at least two-thirds (2/3rds) in interest of the votes of the Members who are present either in person or by proxy and entitled to vote at such meeting, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given at least ten (10) days notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at such meeting.

(f) In the event of the death or resignation of a member of the Board, other than a Director appointed by a Declarant, then the remaining members of the Board shall cause a special meeting to be held as soon as possible thereafter at which time the Members who are entitled to vote shall elect, pursuant to the terms and provisions of either Section 3.02(b) or Section 3.03(d) above, as applicable, a suitable Director to fill the vacancy of such deceased or resigned Director who shall serve for the remainder of the term of such former member of the Board. In the event of death or resignation of a member of the Board appointed by Declarant, then Declarant shall appoint a substitute Director to fill the vacancy of such deceased or resigned member of the Board who shall serve for the remainder of the term of such former member of the Board.

Section 3.04 **Regular Meetings.** A regular meeting of the Board shall be held, without further notice immediately after, and at the same place as, the annual meeting of the Members of the Association; provided, however, that any such annual meeting of the Board may be held at any other time or place as determined by a majority of the members of the Board. The Board may provide, by resolution, the time and place, either within or without the State of Alabama, for the holding of regular meetings without further notice.

Section 3.05 **Special Meetings.** Special meetings of the Board may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Alabama, as the place for holding any special meeting of the Board called by them.

Section 3.06 **Notice.** Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally, mailed to each member of the Board at his or her business address, by e-mail, if the director has indicated that this is the preferred method of communication, or by fax. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.07 **Quorum.** A majority of the number of Directors fixed by Section 3.02(a) of these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board. Members of the Board may participate in any meetings by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at such meeting. If a quorum is present when the meeting is convened, the Directors present may continue to do business, taking action by a vote of a majority of quorum as fixed above, until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum as fixed above, or the refusal of any Director present to vote.

Section 3.08 **Manner of Acting.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by statute, the Declaration, the Articles or these Bylaws. As used throughout these Bylaws, the term "majority of the Directors" or "a majority of the number of Directors" or similar terms relating to any action to be taken by the Directors shall mean at least fifty-one percent (51%) of all of those Directors present at a duly convened meeting of the Board at which a quorum is present have approved or consented to such proposed action or matter.

Section 3.09 Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting of the Board if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 3.10 Vacancies. Any vacancy occurring in the Board shall be filled as provided in Section 3.03 above. A Director elected or appointed to fill a vacancy shall be elected to serve for the unexpired term of his or her predecessor in office.

Section 3.11 Compensation. By resolution of the Board, each Director may be paid his or her expenses, if any, of attendance at each meeting of the Board. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 3.12 Committees. The Board, by resolution adopted by a majority of the Directors, may designate from among the Members one or more committees. No such committee shall have the authority of the Board. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board or any Director of any responsibility imposed upon it or such Director by law.

Section 3.13 Resignations. Any Director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.14 Participation in Meetings by Conference Telephone. Members of the Board or any committee designated thereby may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

Section 3.15 Delegation of Authority. The Board, by resolution adopted by a majority of the Directors, may delegate to a director, to the Managing Agent or to any other person, the authority to act on behalf of the Board, which authority may include, without limitation, any of the powers of the Board and any of the powers of any of the officers of the Association set forth in these Bylaws, the Articles or the Declaration.

ARTICLE IV

OFFICERS

Section 4.01 Principal Officers. The principal officers of the Association shall be elected by the Board and shall include a President, one or more Vice Presidents, a Secretary and a Treasurer and may, at the discretion of the Board, also include such other officers as may be designated from time to time. Any number of offices may be held by the same person, except the offices of President and Secretary. The principal officers shall be elected from the current Members of the Association.

Section 4.02 Election of Principal Officers; Term of Office. Each principal officer of the Association shall be elected annually by a majority vote of the Board of Directors. Each principal officer shall hold office until his or her successor shall have been duly elected and qualified or until such officer's death or until such officer shall resign or shall have been removed in the manner hereinafter provided. If the Board shall fail to fill any principal office at an annual meeting of the Board, or if any vacancy in any principal office shall occur, or if any principal office shall be newly created, such principal office may be filled at any regular or special meeting of the Board.

Section 4.03 Subordinate Officers, Agents and Employees. In addition to the principal officers, the Association may have such other subordinate officers, agents and employees as the Board may deem advisable each of whom shall hold office for such period and have such authority and perform such duties as the Board, the

President, or any officer designated by the Board, may from time to time determine. The Association may employ a Managing Agent, who shall serve in the capacity described by the Articles, these Bylaws, the Declaration and all rules and regulations of the Association including all amendments thereto. The Board at any time may appoint and remove, or may, upon such conditions as are deemed advisable, delegate to any principal officer the power to appoint and to remove, any subordinate officer, agent or employee of the Association.

Section 4.04 Delegation of Duties of Officers. The Board may delegate the duties and powers of any officer of the Association to any other officer or to any Director for a specified period of time for any reason that the Board may deem sufficient.

Section 4.05 Removal of Officers or Agents. Any officer or agent of the Association may be removed by the Board at any time, either with or without cause, and the Board may appoint a successor to such removed officer or agent. Election or appointment of any officer or agent shall not of itself create contract rights.

Section 4.06 Resignations. Any officer may resign at any time by giving written notice of resignation to the Board, to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of a resignation shall not be necessary to make the resignation effective.

Section 4.07 Vacancies. A vacancy in any office, the holder of which is elected or appointed by the Board, because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term of such office. A vacancy in any other office for any reason shall be filled by the Board, or any committee, or officer to whom authority for the appointment, removal or filling of vacancies may have been delegated by these Bylaws or by resolution of the Board.

Section 4.08 President. The President shall preside at all meetings of the Members of the Association at which he or she is present. The President shall be the chief executive officer of the Association and, subject to the control of the Board, shall have general supervision over the business and affairs of the Association. The President shall have all powers and duties usually incident to the office of the President except as specifically limited by resolution of the Board. The President shall have such other powers and perform such other duties as may be assigned to him or her from time to time by the Board.

Section 4.09 Vice Presidents. In the absence or disability of the President or if the office of President be vacant, the Vice Presidents, in the order determined by the Board, or if no such determination has been made, in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board at any time to extend or confine such powers and duties or to assign them to others. Any Vice President may have such additional designation in his or her title as the Board may determine. Each Vice President shall generally assist the President in such manner as the President shall direct. Each Vice President shall have the right and authority to execute any documents, instruments, and agreements on behalf of the Association and shall have such powers and perform such other duties as may be assigned to him or her from time to time by the Board or the President.

Section 4.10 Secretary. The Secretary shall act as secretary of all meetings of the Members of the Association and of the Board at which he or she is present, shall record all the proceedings of all such meetings in a minute book to be kept for that purpose, shall have supervision over the giving and service of notices of the Association, and shall have supervision over the care and custody of the records and seal of the Association. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Association under its seal is duly authorized, and when so affixed may attest the same.

Section 4.11 Treasurer. The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Association and shall cause the funds of the Association to be deposited in the name of the Association in such banks or other depositories as the Board of Directors may designate. The Treasurer shall have all powers and duties usually incident to the office of Treasurer except as specifically limited by a resolution of the Board of Directors. The Treasurer shall have such other powers and perform such other duties as may be assigned to him or her from time to time by the Board of Directors or the President.



Section 4.12 Salaries. The officers of the Association shall not be entitled to any salaries or other compensation except for expenses incurred on behalf of the Association which shall be reimbursed.

ARTICLE V

FISCAL MATTERS AND BOOKS AND RECORDS

Section 5.01 Fidelity Bonds. The Board may require that any contractor or employee of the Association handling or responsible for Association funds furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Association and shall constitute a Common Expense.

Section 5.02 Books and Records Kept by Association. The Association shall keep accurate financial records, including itemized records of all receipts and disbursements, shall keep minutes of the proceeds of all meetings of the Members and of the Board and committees having any of the authority of the Board, and shall keep such other books and records as may be required by law or necessary to reflect accurately the affairs and activities of the Association. The Association may keep at the office of the Association a record giving the names and addresses of the Directors and all Members of the Association, which shall be furnished by each Unit Owner pursuant to Section 5.10 of these Bylaws.

Section 5.03 Inspections. The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by an Member or his or her agent or attorney for any proper purpose upon not less than 72 hours prior written notice to the Association, which notice shall specify which books, records or papers of the Association such Member desires to inspect or review. True and correct copies of the Articles, these Bylaws, the Declaration and all rules and regulations of the Association with all amendments thereto, shall be maintained at the principal registered offices of the Association and copies thereof shall be furnished to any Member on request upon payment by such Member of a reasonable charge therefore.

Section 5.04 Contracts. The Board may authorize any officer or officers, or agent or agents of the Association, in addition to the officers so authorized by the Declaration and these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, or on behalf of the Association, and such authority may be general or confined to specific instances.

Section 5.05 Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer of the Association.

Section 5.06 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

Section 5.07 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 5.08 Annual Budget. The Board shall determine and approve annually an annual budget (the "Budget") covering the estimated Common Expenses for the upcoming year in the manner provided in the Declaration. Within thirty (30) days after the Board's adoption of any such proposed Budget, the Board shall provide a copy of such proposed Budget to all Members and shall establish a date for a meeting of the Members to consider ratification of the Budget, which date shall be not less than fourteen (14) nor more than thirty (30) days after delivery or mailing of the Budget to the Members. Any such Budget for Common Expenses shall be deemed ratified and approved unless at such meeting of the Members more than ninety percent (90%) of all Members present, either in person or by proxy, reject such Budget, even though a quorum of Members may not be present for such meeting. In the event the proposed Budget is rejected, the periodic Budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent Budget proposed by the Board. Any Budget adopted by a majority of the members of the Board (which is deemed to have been ratified by the Members as

provided above) shall be binding on all Members and the Association shall be authorized to enter into any and all contracts and agreements necessary or required to implement such Budget.

Section 5.09 **Surplus Funds.** Any surplus funds of the Association remaining after payment of or provision for Common Expenses and any reserves establishing any applicable budget shall be utilized as provided in Section 5.09 of the Declaration.

Section 5.10 **Notices.** Each Member shall be obligated to furnish to the Secretary of the Association in writing, the address, if other than the Unit of such Member, to which any notice to such Unit Owner under the Declaration or these Bylaws is to be given and, if no address other than such Unit shall have been designated in writing, then all such notices and demands shall be mailed or delivered to the Unit of such Unit Owner. All notices required or permitted to be given by the Association to any Member under the Declaration, these Bylaws or under any other documents or agreements shall be deemed to have been sufficiently given or served upon any Member when either (a) deposited into the United States mail for first-class delivery with postage prepaid and addressed to the last address furnished by such Member to the Association (or if no address has been furnished, then to the Unit of such Owner), in which case notice shall be deemed given upon deposit of the same in the United States mail, or (b) delivered to the Unit owned by such Member, in which event notice shall be deemed given upon delivery of such notice to the mailbox or when attached to the front door of such Unit.

ARTICLE VI

INSURANCE

Section 6.01 **Types of Coverage.** The Association shall maintain in effect at all times as a Common Expense the types of insurance coverage required by the Declaration, any workmen's compensation or other insurance required by law and such other insurance as the Board may from time to time deem appropriate. The Board shall review the amount and terms of such insurance annually.

Section 6.02 **Indemnification Insurance.** The Association shall have the power and authority to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify him against such liability under applicable law.

ARTICLE VII

NOTICE, HEARINGS AND APPEALS

Section 7.01 **Right to Notice and Hearing.** Whenever the Declaration, Bylaws or Articles require that any action by the Board be taken only after written notice of the alleged violation (or the possible levy of a fine or individual Assessment) as well as the opportunity for such Owner to appear before the Board and be heard, the following procedures shall be observed:

(a) **Notice.** The Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a hearing is requested within 10 days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided that the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

(b) **Hearing.** If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be

heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the person who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 7.02 Appeals. Any person having a right to “written notice of the alleged violation (or the possible levy of an individual Assessment) as well as the opportunity for such Owner to appear before the Board and be heard” shall have the right to appeal to the Board of Directors from a decision of persons other than the Board by filing a written notice of appeal with the Board within ten (10) days after being notified of the decision. The Board of Directors shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01 Waiver of Notice. Whenever any notice is required to be given under any provision of law, the Declaration, the Articles or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Members, the Board or members of any committees established by the Board need be specified in any written waiver of notice unless otherwise required by these Bylaws. Attendance of a Director at a meeting of the Board shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 8.02 Incorporation by Reference. All of the terms, provisions, definitions, covenants and conditions set forth in the Declaration are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions, covenants and conditions set forth herein in these Bylaws and in the Declaration, then the provisions of the Declaration shall at all times control.

Section 8.03 Amendments. These Bylaws may be amended, altered or repealed in the following manner:

(a) By the Board of Directors until such the expiration of the declarant control period, provided, however, that until the expiration of the declarant control period, any provision which exists for the protection of Declarant or otherwise confers a right upon Declarant may not be amended without the written consent of Declarant; or

(b) By the Members at any regular or special meeting (where notice of such proposed amendment has been given more than ten (10) days in advance of the meeting) upon the affirmative vote of the holders of not less than two-thirds (2/3) of the outstanding votes present and entitled to vote at such meeting in person or represented by proxy, at which a quorum is present of the Association.

No modification or amendment to the Bylaws shall be valid or effective until the President and Secretary of the Association shall certify as to the adoption of such amendment and shall file their certificate setting forth the text of the amendment with the Probate Office.




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EXHIBIT D

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The Lofts at Edenton, A Condominium

SCALE: 1" = 50'



STATE OF ALABAMA
SHELBY COUNTY

A parcel of land located in the Northwest 1/4 of the Northwest 1/4 of Section 31, Township 18 South, Range 1 West, Shelby County, Alabama and being more particularly described as follows:

[illegible]

REGISTERED ENGINEERS CERTIFICATION

1. The undersigned, Robert V. Easley, IV, a registered engineer in the State of Alabama, Registration No. 21564, hereby certifies that the Plan above the typical location, Unit numbers and the other representations of the Condominium, I further certify that the Plan show the dimensions of the improvements and the Units as-shown and that the improvements shown on the Plans are substantially complete. I further certify that the Plans contain all of the information required by § 35-6A-203, the Acts of Alabama (1975).

Further study said *Condensum* is currently located in Flood Zone 2 (suitable any special flood hazard area) according to the flood map prepared by the U.S. Department of Homeland Security. This Certification is intended to the part of the Plans and Distribution of The Lots at Escalon, a *Condensum* in Shelby County, Alabama, with all legal descriptions certified/checked/annotated as if stated in full herein and prepared for recollection in the *Condensum* Book in the Office of the Judge of Probate of Shelby County, Alabama.

WILLIE
Date *2/1/02*

Refused name: Robert W. Estess, IV
Registration Number 21564 Alabama
Registration Number 21564 Alabama
2. Office Part Civil, Sub 11
Birmingham, AL 35223
(205) 805-2161



ESTESS

Refused Jackson, M. S
Alabama Reg. No. 18399
2002. Refused and Admitting, Inc.
Birmingham, AL 35213
(205) 870-3360

Further, I hereby certify that all parts of this survey and drawing have been completed in accordance with the current requirements after Standards of Practice for Surveying in the State of Alabama to the best of my knowledge, information and belief.

Catfish Ranch Investments, LLC, Owner
30465 Highway 1, Sylmar
P.O. Box 10000, Sylmar
(205) 995-6586

BY: Ben Hendrix, Sr. Vice President
BBVA Compass Bank
4700 Valleyview Road, Suite 101
Birmingham, Alabama 35242

Date 2-29-10

Date 2-21-78

State of Arkansas
Shelby County

Given under my hand and seal this 2nd day of February, 2010.

My Commission Expires: 11-01-10

Office of the Registrar
Shelby County

Given under my hand and seal this 6th day of February, 2011

My Commission Expires: 7/1/2010

State of Alabama
Strategy Center

On/Under my/their seal and the _____ day of February, 2010.

My Commission Expires: 7/15/2010

NAME OF THE CONDOMINIUM:
THE LOFTS AT EDENTON, A CONDOMINIUM

Notes:

The Land Surveyor's and Engineer's Certification only applies sheets 1 and 2 and to work outside of the building. See Architect's Certification for building information.

The entire parcel is subject to an assessment, and beneficiary of an assessment across the Election Office Condominium parcel as described in Instrument 210110215003046670 as recorded in the Shelby County Probate Office.

APPROVED: _____
SHELBY COUNTY PLANNING COMMISSION

DATE _____

SHEET 1 OF 9

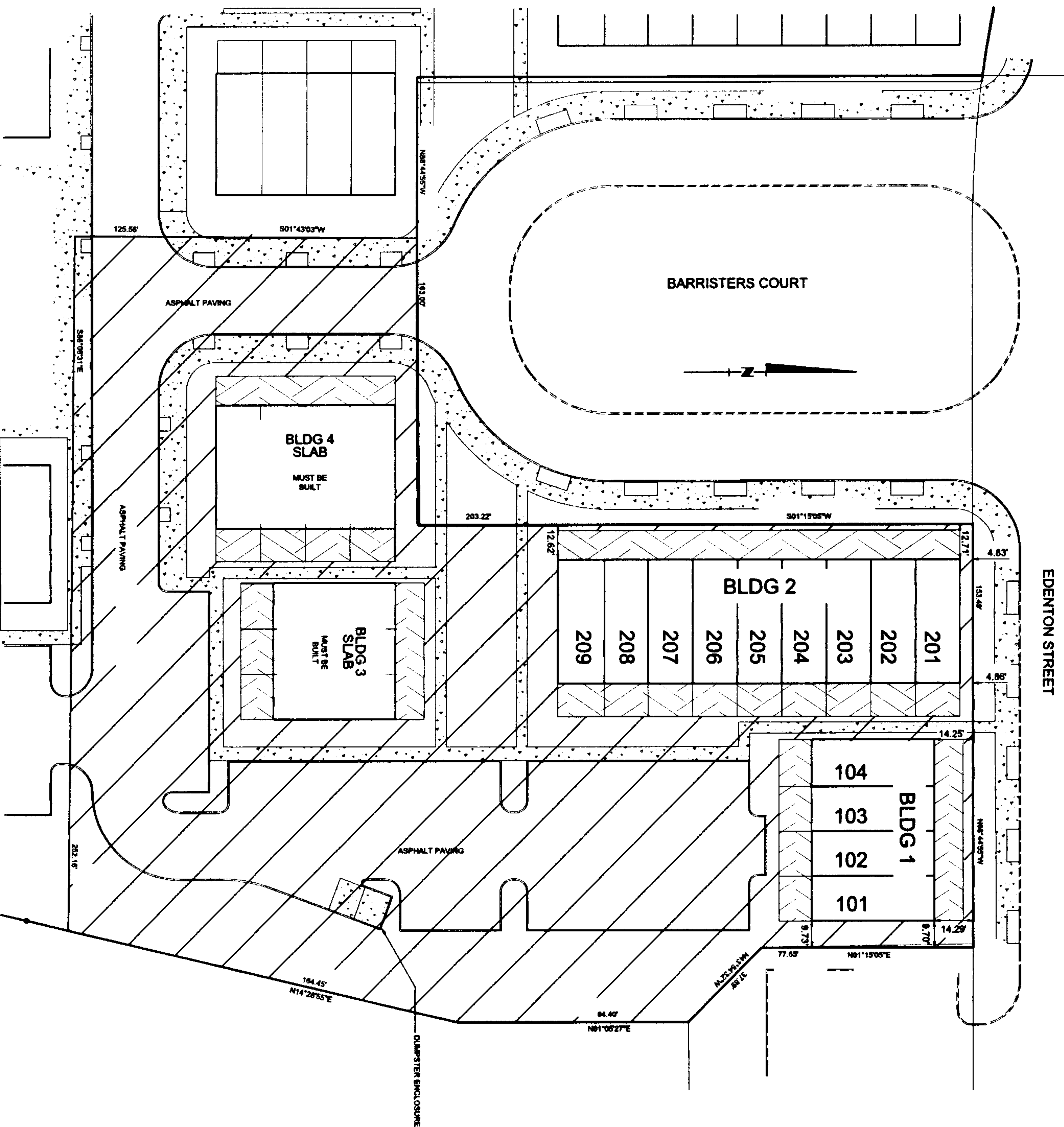
The Lofts at Edenton, A Condominium

SCALE: 1" = 20'

FEBRUARY 23, 2010

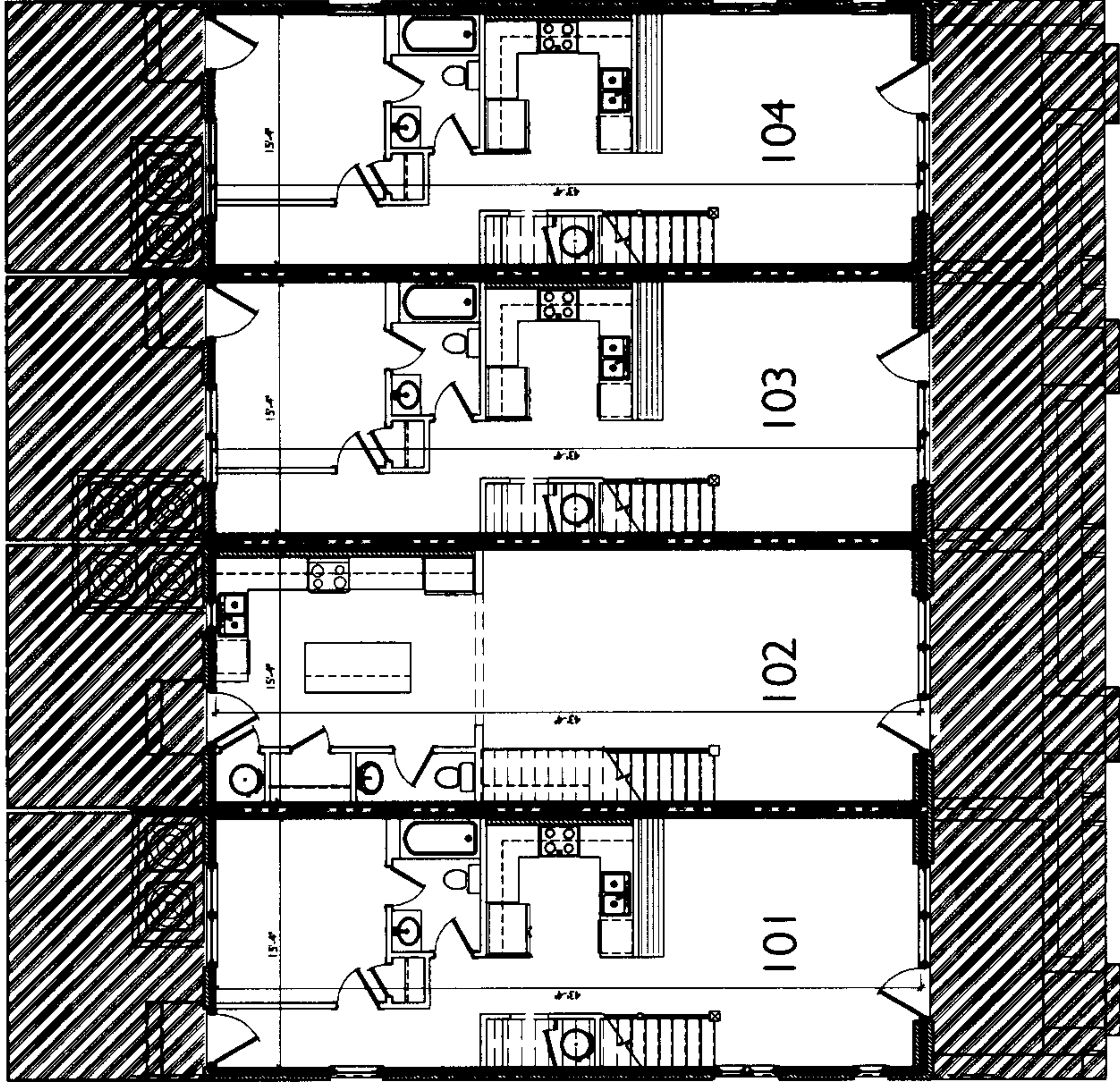


THE PURPOSE OF THIS SHEET IS TO
SHOW THE RELATIONSHIP OF THE
BUILDINGS TO THE PROPERTY LINES.



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Shelby Cnty Judge of Probate, AL
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02/25/2010 10:30:25 AM FILED/CERT



1 First Floor

Scale N.T.S.

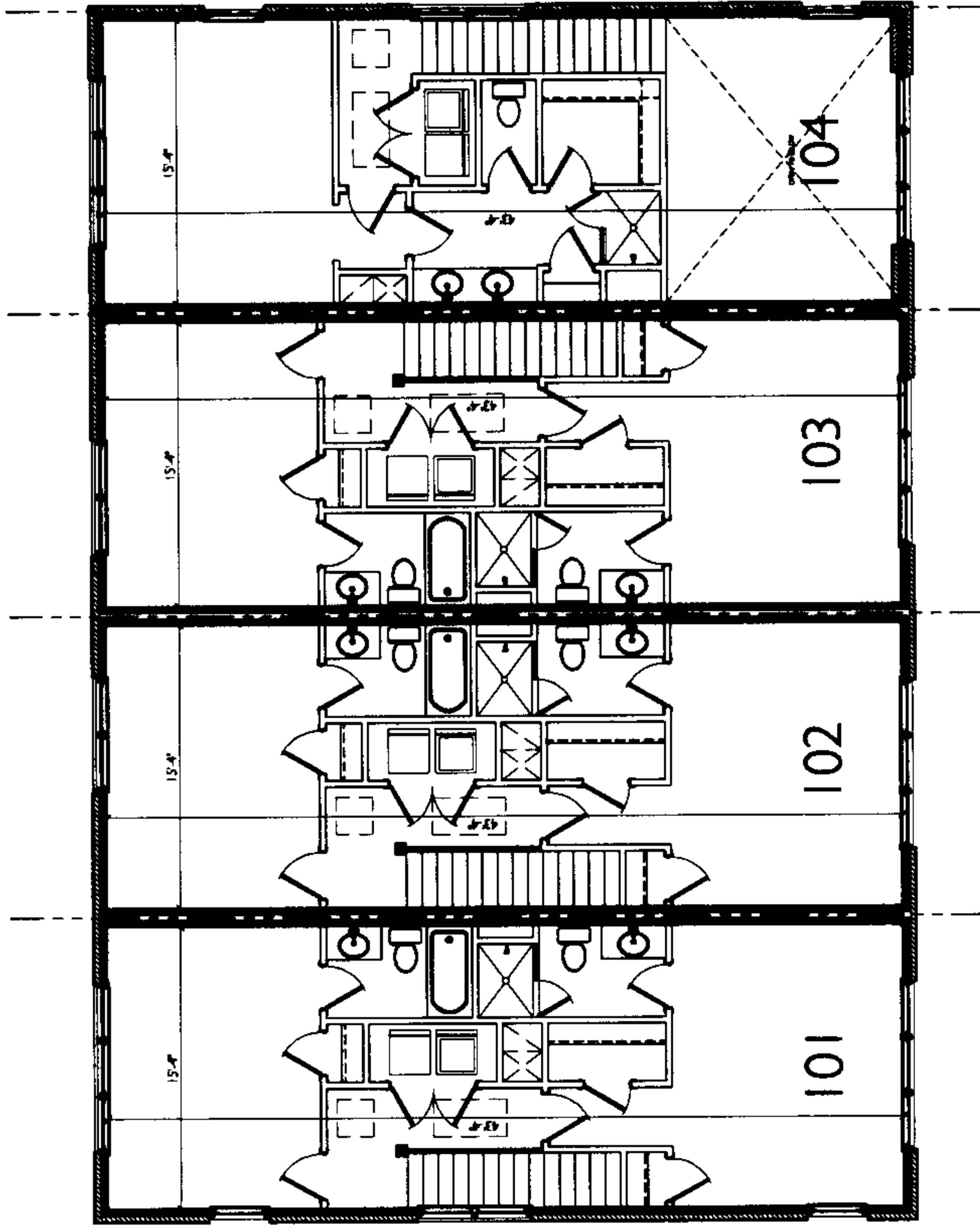
THE LOFTS AT EDENTON, A CONDOMINIUM
Building 1
Units: 101, 102, 103, 104
Shelby County, Alabama

LEGEND
COMMON ELEMENT
LIMITED COMMON ELEMENT

SIGNATURE HOMES
3545 Market Street
Hoover, Alabama 35226
Ph: 205.989.5588
Fax: 205.989.8884
www.signaturehomes.net

SHEET
3 of 9

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1 Second Floor

Scale N.T.S.

SHEET

4 of 9

THE LOFTS AT EDENTON, A CONDOMINIUM

Building 1
Units: 101, 102, 103, 104


Shelby County, Alabama

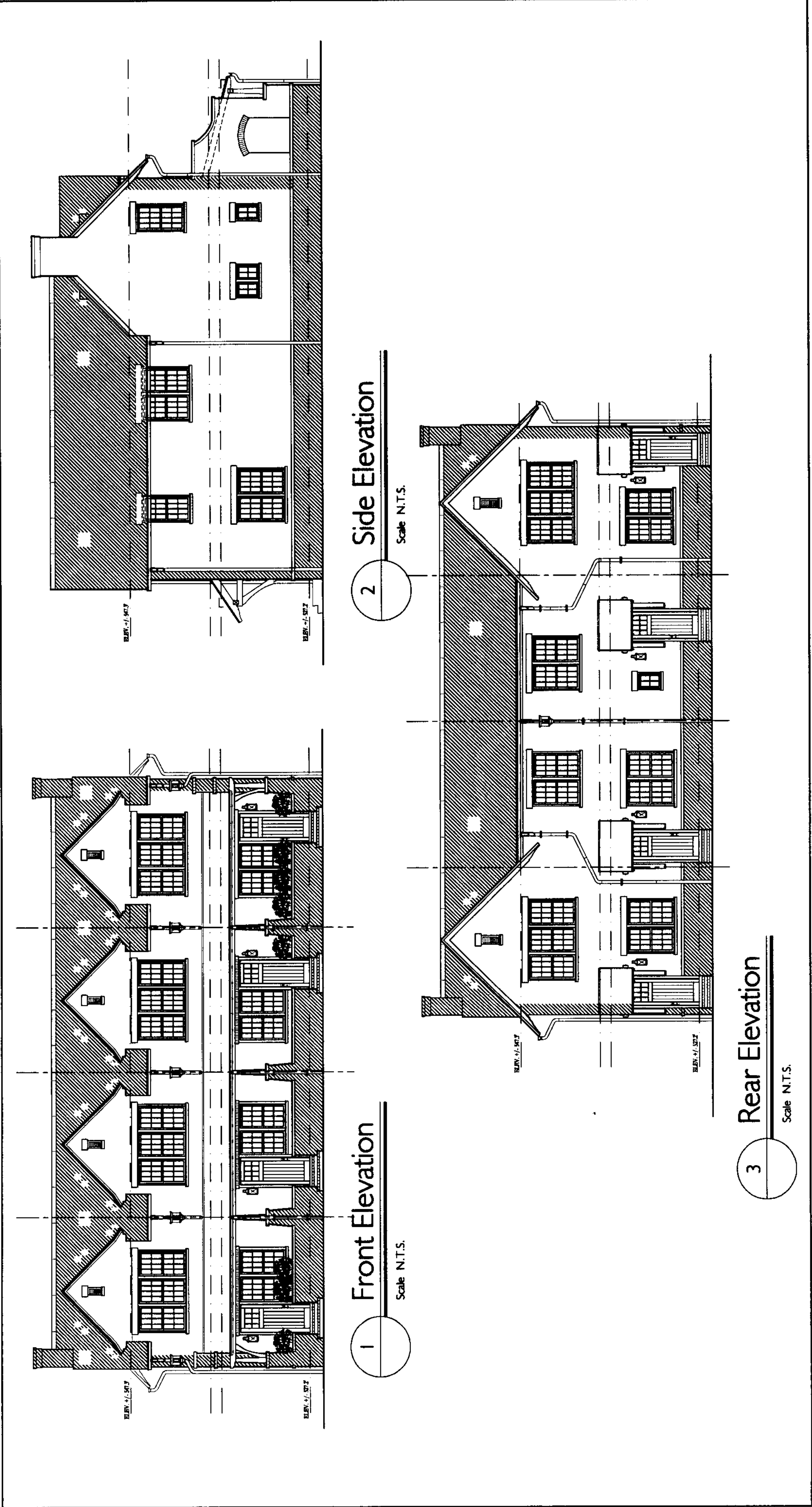
LEGEND

- | | |
|--|------------------------|
| | COMMON ELEMENT |
| | LIMITED COMMON ELEMENT |

SIGNATURE HOMES

3545 Market Street
Hoover, Alabama 35226
Ph. 205.989.5588
Fax 205.989.8804
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SHEET

5 of 9

THE LOFTS AT EDENTON, A CONDOMINIUM

Building 1

Units: 101, 102, 103, 104

Shelby County, Alabama

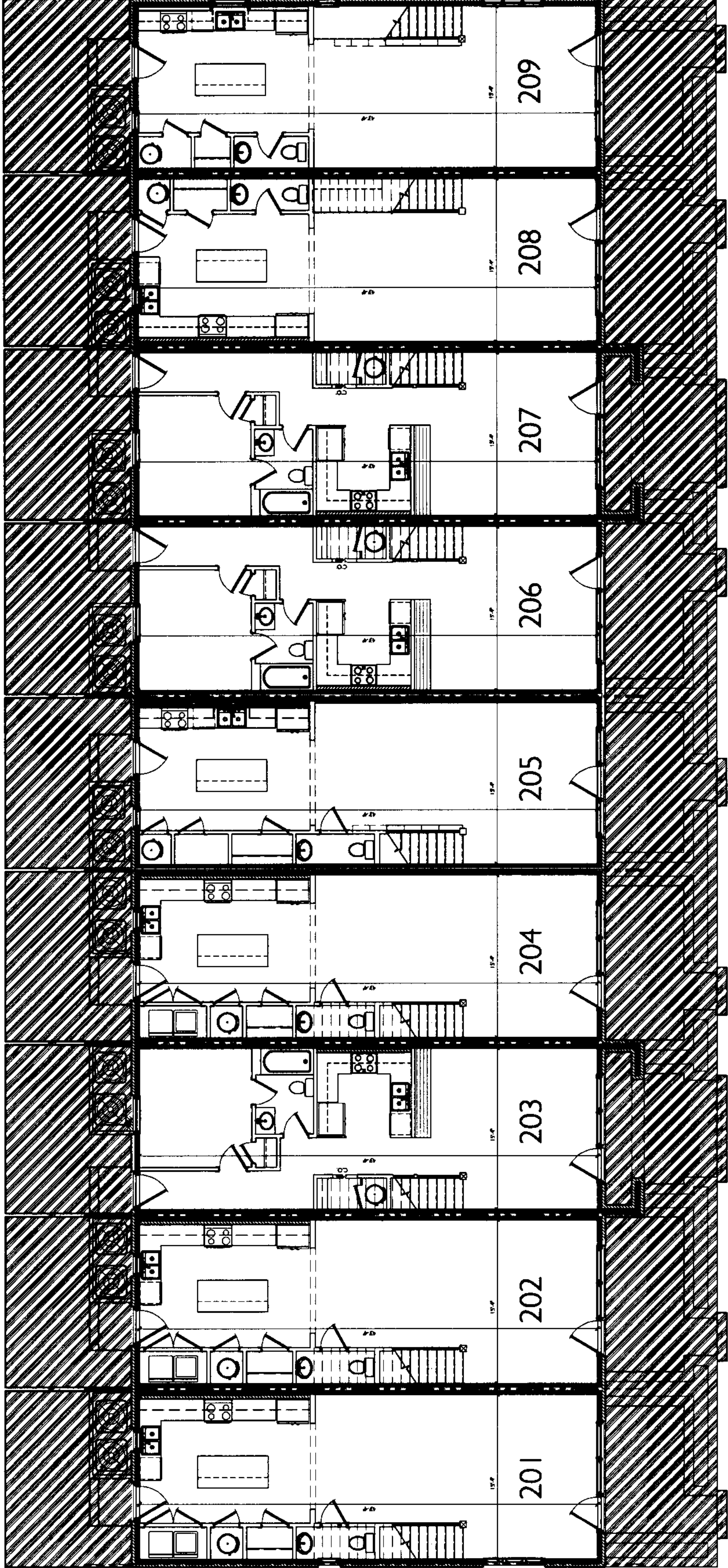
LEGEND

COMMON ELEMENT
LIMITED COMMON ELEMENT

SIGNATURE HOMES

3545 Market Street
Hoover, Alabama 35226
ph. 205.989.5588
fax. 205.989.8884
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1 First Floor

Scale N.T.S.

SIGNATURE HOMES
3545 Market Street
Hoover, Alabama 35226
PH 205.989.5588
FAX 205.989.8884
www.signaturehomes.net

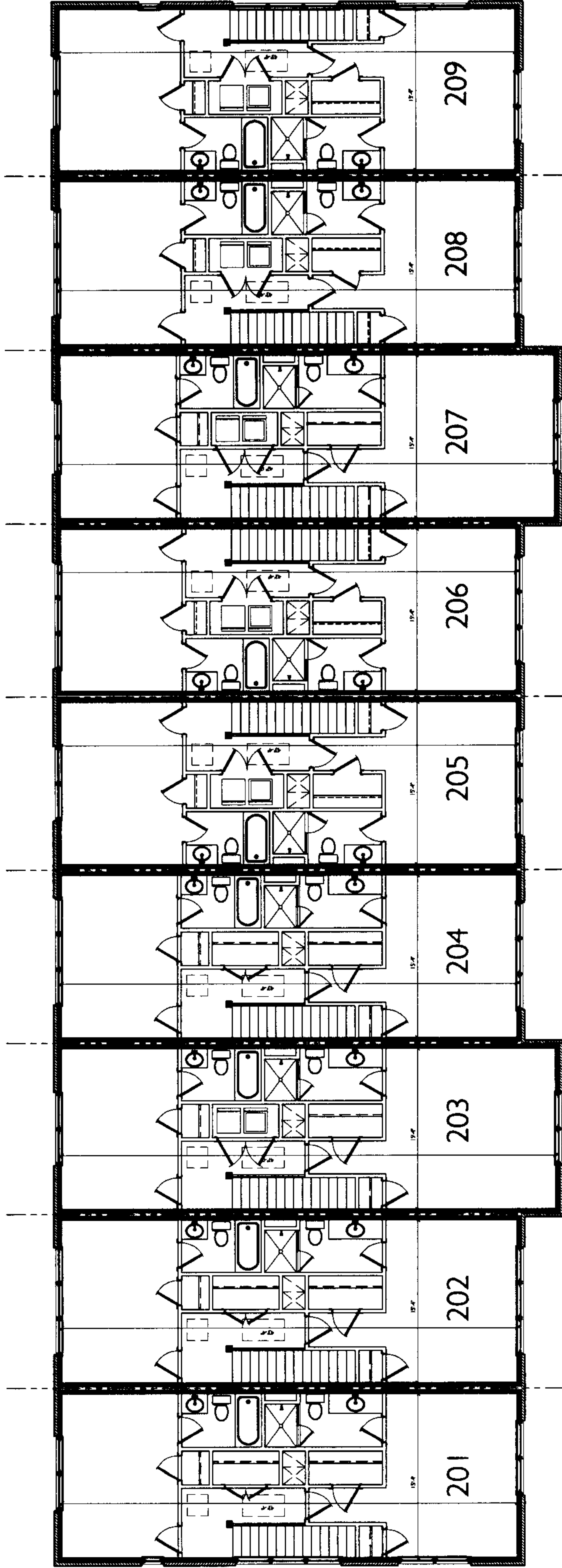
LEGEND
COMMON ELEMENT
LIMITED COMMON ELEMENT

THE LOFTS AT EDENTON, A CONDOMINIUM
Building 2
Units: 201, 202, 203, 204, 205, 206, 207, 208, 209
Shelby County, Alabama

SHEET
6 of 9

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1 Second Floor

Scale N.T.S.

SHEET

7 of 9

THE LOFTS AT EDENTON, A CONDOMINIUM

Building 2

Units: 201, 202, 203, 204, 205, 206, 207, 208, 209

Shelby County, Alabama

LEGEND

COMMON ELEMENT

LIMITED COMMON ELEMENT

SIGNATURE HOMES

3645 Market Street

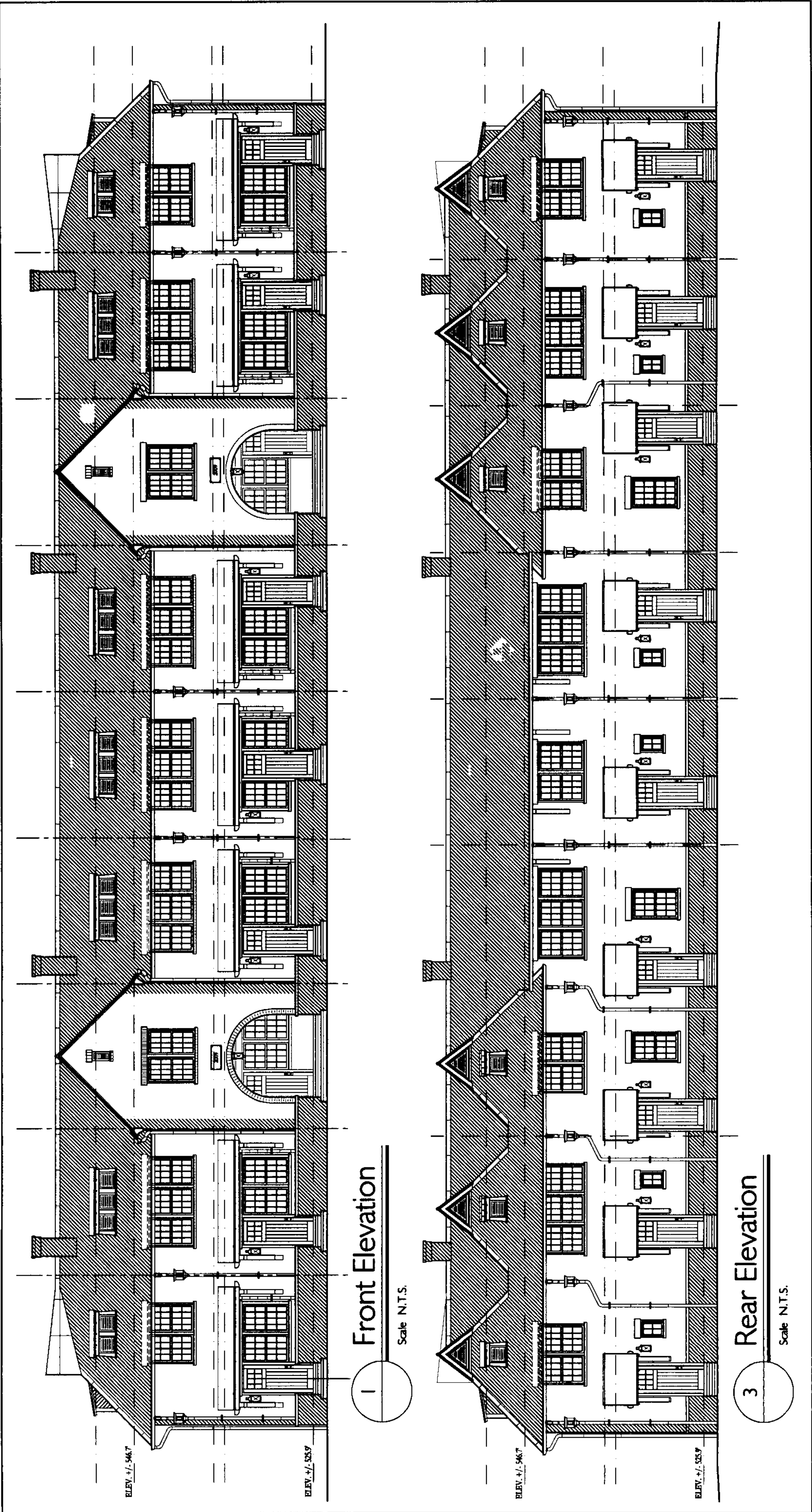
Hoover, Alabama 35226

PH: 205.989.5588

FAX: 205.989.8884

www.signaturehomes.net

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SHEET

8 of 9

THE LOFTS AT EDENTON, A CONDOMINIUM


Building 2

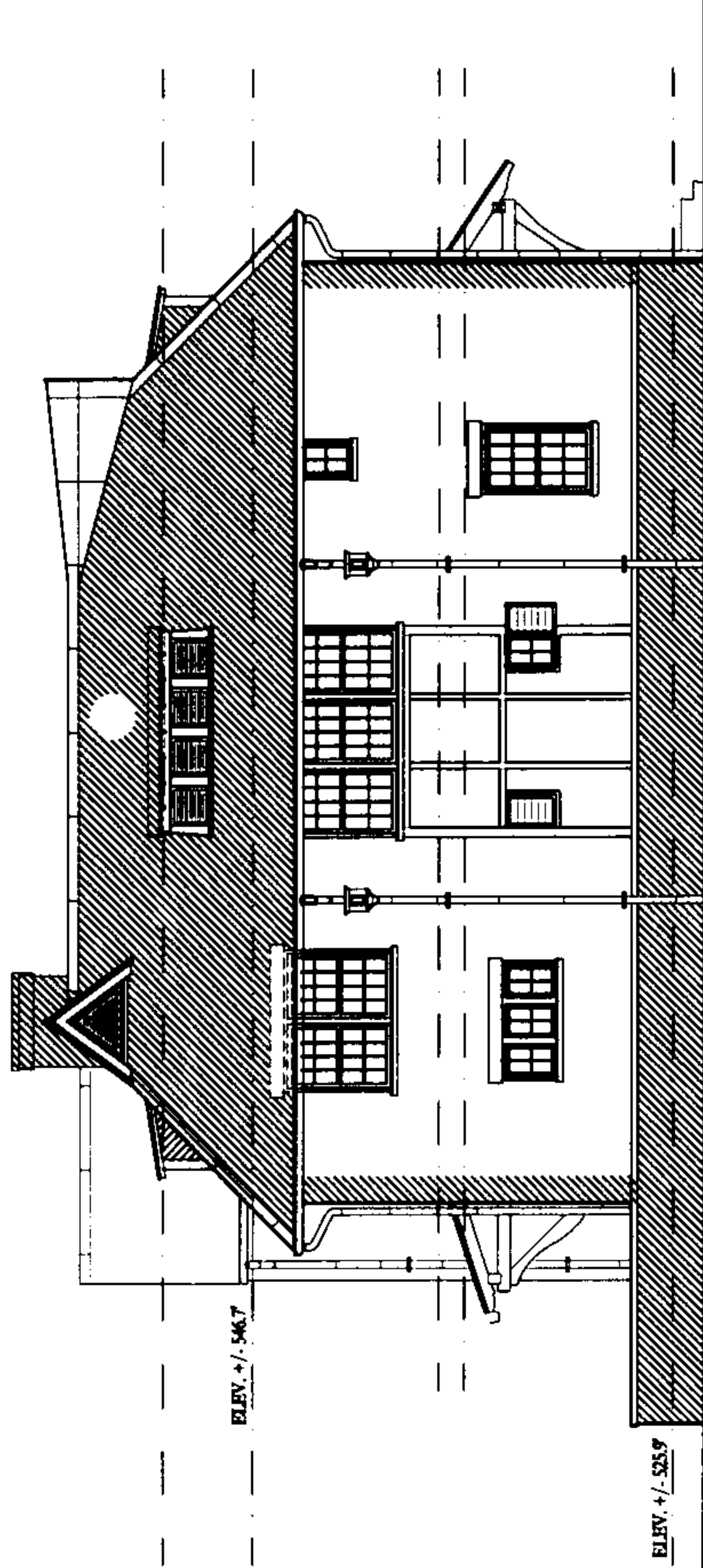
Units: 201, 202, 203, 204, 205, 206, 207, 208, 209

Shelby County, Alabama

SIGNATURE HOMES

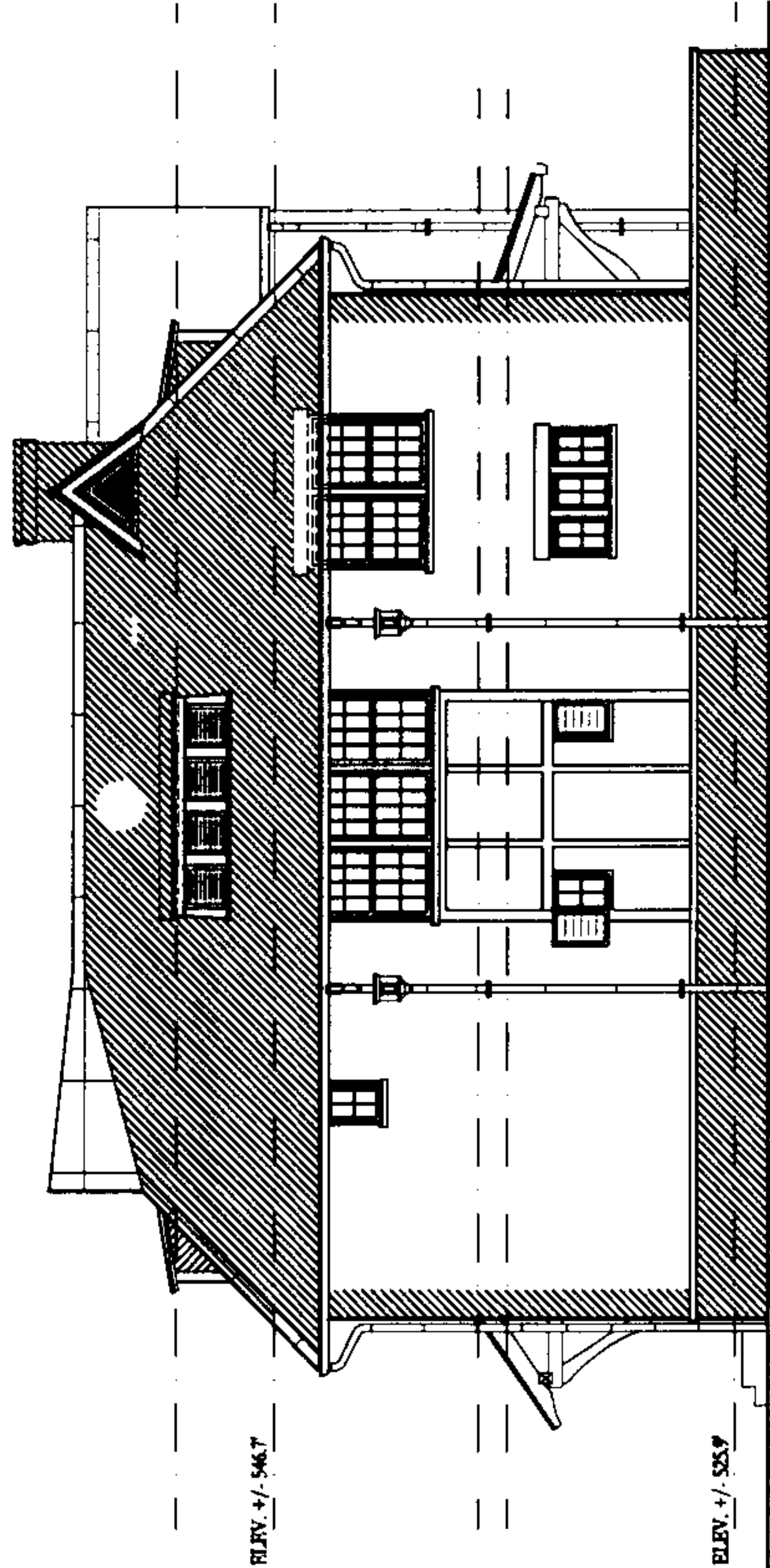
3545 Market Street
Hoover, Alabama 35226
Ph: 205.989.5588
Fax: 205.989.8884
www.signaturehomes.net


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1 Right Side Elevation

Scale N.T.S.



1 Left Side Elevation

Scale N.T.S.

SHEET

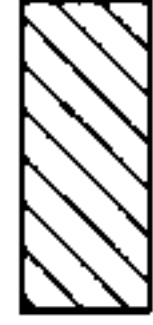

9 of 9

THE LOFTS AT EDENTON, A CONDOMINIUM
Building 2

Units: 201, 202, 203, 204, 205, 206, 207, 208, 209

Shelby County, Alabama

LEGEND

- | | |
|--|------------------------|
|  | COMMON ELEMENT |
|  | LIMITED COMMON ELEMENT |

SIGNATURE HOMES

3545 Market Street
Hoover, Alabama 35226
Ph. 205.989.5588
Fax. 205.989.8884
www.signaturehomes.net

EXHIBIT E

PERCENT OWNERSHIP OF COMMON ELEMENTS, COMMON EXPENSE LIABILITY AND VOTES

UNIT #	% OF OWNERSHIP OF COMMON ELEMENTS ALLOCATED INTEREST	VOTE
101	7.7%	1
102	7.7%	1
103	7.7%	1
104	7.7%	1
201	7.7%	1
202	7.7%	1
203	7.7%	1
204	7.7%	1
205	7.7%	1
206	7.7%	1
207	7.7%	1
208	7.7%	1
209	7.7%	1
TOTAL	<u>100.00%</u>	<u>13</u>


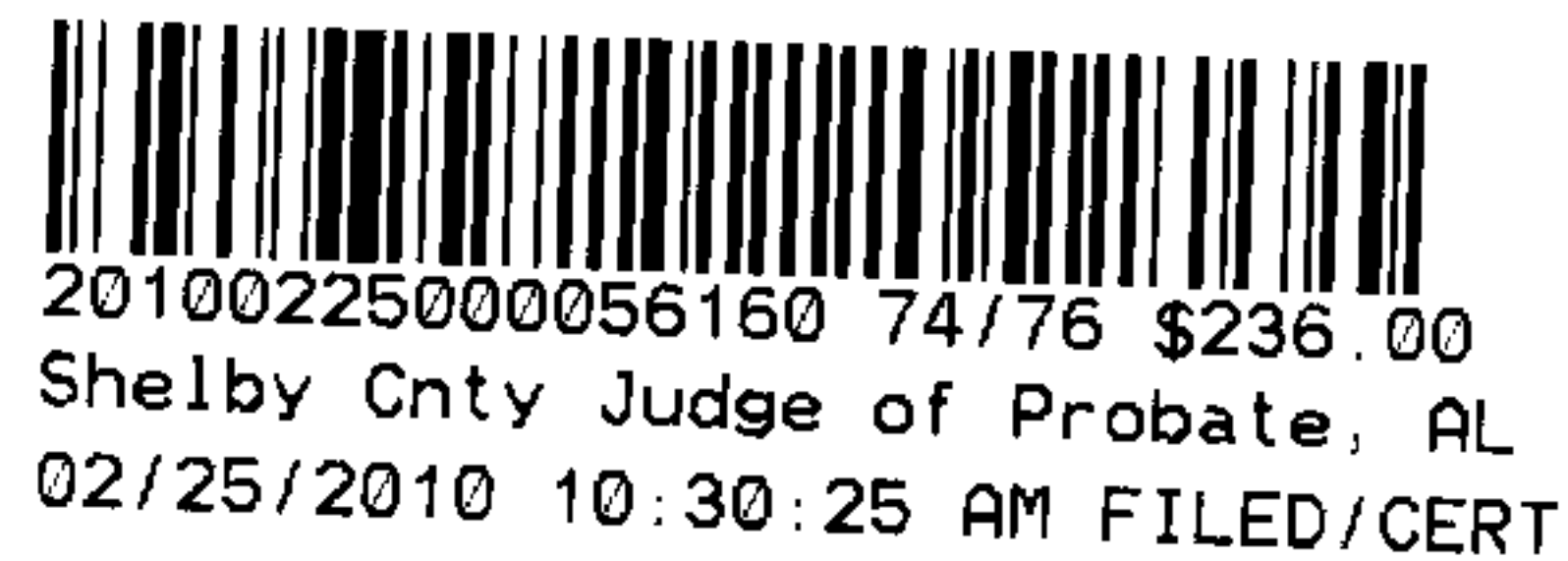

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EXHIBIT F

**CERTIFICATE OF SUBSTANTIAL COMPLETION OF
STRUCTURAL AND MECHANICAL SYSTEMS**



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REGISTERED ARCHITECT'S CERTIFICATION

I, the undersigned, Louis Nequette, a registered architect in the State of Alabama, Registration No. 4494, hereby certify to the best of our knowledge, information and belief that the plans showing the layout, location, unit numbers and dimensions of all units and the other improvements forming a part of The Lofts at Edenton, A Condominium, are consistent with the project criteria provided to the Architect by the Design Builder and comply with applicable professional practice standards. I further certify to the best of our knowledge, information and belief that the plans show the dimensions of the improvements and the units "as-built" and that the improvements shown on the plans are substantially complete. I further certify to the best of our knowledge, information and belief that the plans comply with applicable laws, ordinances, codes, rules and regulations governing the design of the project.

I further certify to the best of our knowledge, information and belief that the said Condominium is currently not located in a flood zone according to the flood zone map prepared by the U.S. Department Of Housing and Urban Development. This Certification is intended to be part of the Plans and Declaration of The Lofts at Edenton, A Condominium, in Shelby County, Alabama, with all legal descriptions contained therein incorporated as if stated in full herein and is prepared for recordation in the Condominium Book in the Office of the Judge of Probate of Shelby County, Alabama.

Name: _____

Registered Architect

Printed: LOUIS NEQUETTE

Registration Number 4494 Alabama

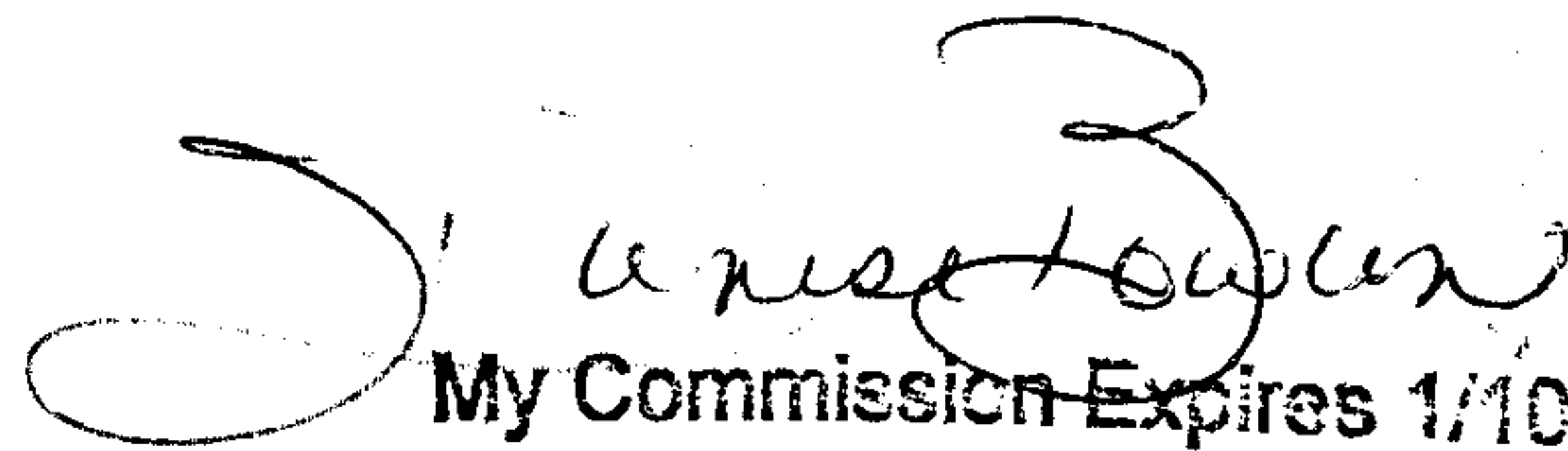


My Commission Expires 1/10/2012

EXHIBIT G


20100225000056160 75/76 \$236.00
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EASEMENTS AND RESTRICTIONS OF RECORD

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. Any mineral or mineral rights leased, granted or retained by current or prior owners.
6. Taxes and assessments for the year 2009 and subsequent years and not yet due and payable.
7. Coverage afforded by the AL T A 7-06 is excluded.
8. Right of Way granted to Alabama Power Company by instrument recorded in Deed Book 126, Page 187 in the Probate Office of Shelby County, Alabama.
9. Roadway Easement Agreement as recorded in Instrument 20051024000550530 and Instrument 20061024000523450, in the Probate Office of Shelby County, Alabama.
10. Restrictive Use Agreement between JRC Lakeside Limited Partnership and Cahaba Beach Investments, LLC as recorded in Instrument 20051024000550540 and in Instrument 20061024000523460, in the Probate Office of Shelby County, Alabama.
11. Easement for grading and slope maintenance recorded in Instrument 20060817000404390 in the Probate Office of Shelby County, Alabama.
12. Easement to Alabama Power Company recorded in Instrument 20061212000601050, Instrument 20061212000601060, Instrument 20060828000422250, Instrument 20061212000601460, Instrument 20070517000230870 and Instrument 20070517000231070, in the Probate Office of Shelby County, Alabama.

13. Easement to BellSouth, as recorded in Instrument 20070125000038780, in the Probate Office of Shelby County, Alabama.

14. Declaration of Roadway and Utility Easement as recorded in Instrument 200702160000721720, in the Probate Office of Shelby County, Alabama.

15. Sanitary Sewer Easement granted to SWWC Utilities in Instrument 20090126000023550, in the Office of the Judge of Probate of Shelby County, Alabama.

16. Declaration of Roadway and Utility Easements as recorded in Instrument 20100218000048660, in the office of the Judge of Probate of Shelby County, Alabama.

17. Declaration of Reciprocal Drainage Easements as recorded in Instrument 20100218000048670, in the office of the Judge of Probate of Shelby County, Alabama.



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