


STATE OF ALABAMA     )  
SHELBY COUNTY         )

  
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Shelby Cnty Judge of Probate, AL  
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**DECLARATION OF PROTECTIVE COVENANTS**  
  
**FOR**  
  
**CHELSEA HIGHLANDS,**  
**A RESIDENTIAL SUBDIVISION**

THIS DECLARATION OF PROTECTIVE COVENANTS (the "Declaration") is made as of this 18 day of August, 2017 by Chelsea Highlands, LLC, an Alabama limited liability company ("Developer"), and declares that the real property hereinafter described is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth (the "Protective Covenants").

WHEREAS, the Developer is presently the owner of certain real property known as Chelsea Highlands, and located in Shelby County, Alabama, as shown by the Map and Survey of Chelsea Highlands, as recorded in Map Book 48, Page 23, in the Office of the Judge of Probate of Shelby County, Alabama (the "Record Map"); and

WHEREAS, the Developer desires to establish and enforce uniform standards of development quality and to provide for the effective preservation of the appearance, value and amenities of real property herein described and for the maintenance and administration of certain areas thereof which benefit all owners of property therein and, to this end, desires to subject said real property, together with such additions thereto as may hereafter be made, to these Protective Covenants, all of which are for the benefit of the said real property and each owner thereof; and

WHEREAS, the Developer has deemed it desirable for the establishment and enforcement of uniform standards of development quality and the effective preservation of the appearance, value and amenities to create a not for profit corporation (the "Association") to which should be delegated and assigned the powers of maintaining and administering certain areas thereof which benefit all owners of property therein and enforcing these Protective Covenants and of levying, collecting and depositing such charges and assessments as may be authorized in this Declaration for that purpose; and

WHEREAS, the Developer has incorporated or will incorporate the Association under the Alabama Nonprofit Corporation Act for the purpose of, among other things, exercising the aforesaid functions.

NOW, THEREFORE, the Developer declares that the real property described in Section 2.01 hereof, and such additions thereto as may hereafter be made pursuant to Section 2.02 hereof, is and shall be held, transferred, sold, conveyed and occupied subject to these Protective Covenants, all of which shall be construed as and deemed to be covenants running with the land and shall be binding on and inure to the benefit of all parties having a right, title or interest in the said real property, as well as their grantees, heirs, successors and assigns.

## ARTICLE I

### DEFINITIONS

The following words, when used in this Declaration (unless the context shall prohibit), shall have the following meanings:

1.01 **"Association"** shall mean and refer Chelsea Highlands, Inc., a not for profit corporation, formed, or to be formed at or about the same time as the filing of this Declaration, under the Alabama Nonprofit Corporation Act, as well as its successors or assigns, and these Protective Covenants are referred to in the Articles of Incorporation (the "Articles") and By-Laws (the "By-Laws") of the Association.

1.02 **"Common Area or Common Areas"**, as the case may be, shall mean and refer to all real and/or personal property, including property which the Association and/or the Developer owns, leases, holds an easement, or otherwise maintains for the common use or enjoyment of the members of the Association, including, without limitation, a right of use, such as but not limited to, easements for ingress and egress to and within the Property and easements for surface water collection and retention or detention, and licenses to use recreational facilities. The Common Area shall include, in addition to the property and areas mentioned above any portions of any Lot or Lots or other areas referred to on the recorded map and survey of the Chelsea Highlands subdivision as "Planting Area." The use of the Common Areas shall be restricted to park, landscape,

entry features, drainage and retention or detention, medians, security, safety, sidewalks and other pedestrian and/or bicycle paths, roads, lighting, recreational facilities, or any other use which the Board of Directors or other governing body of the Association may allow.

Developer agrees that all of the Common Area, fee simple title to which may be owned or held by Developer, shall be conveyed to the Association not later than sixty (60) days after Developer relinquishes control of the Board of Directors pursuant to Article Six of the Articles of the Association.

1.03 **"Developer"** "Developer" shall mean and refer to Chelsea Highlands, LLC, as an Alabama limited liability company, or its successors or assigns if such successors or assigns acquire any portion of the Property from Chelsea Highlands, LLC,. or its successors or assigns, assume in writing the obligations of Developer, and are designated as successor developer by Chelsea Highlands, LLC, or its successors or assigns. No mortgagee of the Property shall become Developer merely by virtue of acquiring an ownership interest in the Developer's interest in all or any part of the Property as a result of realizing on the Property as collateral for a loan to Developer or its successors or assigns. Such a mortgagee may become an Owner by virtue of acquiring a fee simple interest in one or more Lots as a result of realizing on the Property as collateral for a loan to the Developer. Such a mortgagee may become a Developer by assuming in writing the obligations of the Developer and being designated by or its successors or assigns. If Chelsea Highlands, LLC ceases to function as Developer and if no other entity has assumed the duties of Developer, the Association shall be deemed the Developer.

1.04 **"Institutional Mortgagee"** shall mean and refer to any federal or state chartered bank, life insurance company, mortgage lender, federal or state savings and loan association, real estate investment trust, or other entity, or agency regularly engaged in the extension of credit secured by real estate mortgages which holds a duly recorded mortgage or other lien upon any Lot or portion of a Lot or any interest therein which is of record in the Office of the Judge of Probate of Shelby County, Alabama.

1.05 **"Lot" or "Lots"**, as the case may be, shall mean and refer to individual residential lots within the Property as reflected in and on the recorded subdivision plat(s) of the Property as such may be recorded in the Office of the Judge of Probate of Shelby County, Alabama, as the same may be amended from time to time.



1.06 **"Owner"** or **"Owners"**, as the case may be, shall mean and refer to those persons or entities who or which have fee simple title to any Lot or Lots, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.07 **"Property"** shall mean and refer to all real property which is presently or may hereafter be subject to this Declaration pursuant to Article II below.

1.08 **"Yard"** shall mean any and all portions of land lying within any Lot but outside the exterior structural walls of the primary building constructed on such Lot. The Front Yard shall mean the land lying between any Lot line fronting a street and the exterior structural wall of the primary building. The Rear Yard shall mean the land lying between the Lot line that runs in substantially the same direction as the Lot line fronting the street and the rear exterior wall of the primary building except that in the case of lots fronting more than one street the Rear Yard shall be the land lying between the Lot line which is the greatest in distance from the street and the primary building. The Side Yards shall mean the land lying between all other Lot lines and the primary building.

## ARTICLE II

### PROPERTY SUBJECT TO THIS DECLARATION, ADDITIONS THERETO, DELETIONS THEREFROM

2.01 **Legal Description.** The real property which presently is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Shelby County, Alabama, and is described in the Map and Survey of Chelsea Highlands as recorded in Map Book \_\_\_\_, Page \_\_\_\_, in the Probate Office of Shelby County, Alabama. This Declaration shall not apply to any other property owned by Developer or any other person or entity, unless expressly made subject to this Declaration pursuant to Section 2.02 hereof.

**2.02 Additions to Property.** Upon the approval in writing of the Association, the owner of any property who desires to subject it to this Declaration, may file a Supplementary Declaration describing the additional property to be subject to this Declaration. Such described property shall become and be subject to this Declaration at such time as the owner thereof shall file the supplementary Declaration in the Probate Office of Shelby County, Alabama, and if the additional property is located in a county other than Shelby County, the owner shall file a copy of this Declaration and the Supplementary Declaration in the Probate Office of the county in which the property is located. Such Supplementary Declaration may contain such complementary additions to and modifications of the Protective Covenants as the Association shall determine to be necessary or proper to reflect the different character, if any, of the additional property, provided they are not inconsistent with the general plan of this Declaration. Houses constructed on such additional property may be different in appearance from existing houses.

**2.03 Withdrawals of Property.** The Association may at any time or from time to time withdraw portions of the Property from this Declaration, provided only that the withdrawal of such portions of the Property shall not, without the joinder or consent of the Owners of Lots constituting over one-half of the then existing Lots, increase by more than one-fourth the share of Association expenses payable by the Owner of Lots which would remain subject hereto after such withdrawal. The withdrawal of Property as aforesaid shall be evidenced by filing a Supplementary Declaration setting forth the portions of the Property to be so withdrawn in the Probate Office of Shelby County, Alabama, and if the property is located in a county other than Shelby County, the Supplementary Declaration shall also be filed in the Probate Office of that county.

**2.04 Platting and Subdivision of the Property.** The Developer shall be entitled at any time and from time to time, to subdivide, plat or re-plat all or any portion of the Property, and to file subdivision restrictions or amendments thereto with respect to any undeveloped portion or portions of the Property. No Lot may be subdivided or re-surveyed without the express written consent of the Developer or without the express written consent of the Association.

**ARTICLE III**  
**ARCHITECTURAL CONTROL**

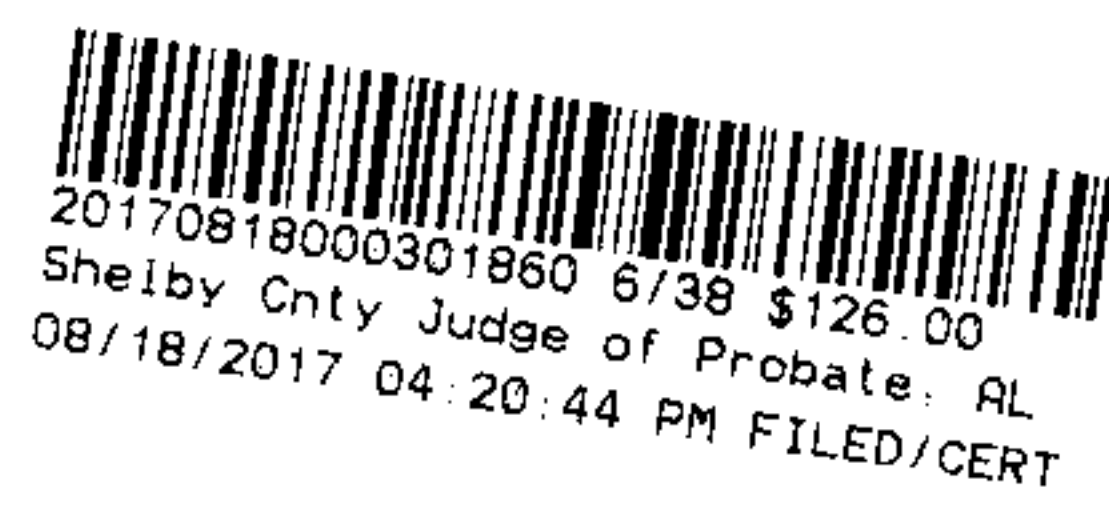
**3.01 Architectural Review and Approval.**

(a) All plans and specifications for any structure or improvement whatsoever to be erected on or moved upon any Lot, the proposed location thereof on any Lot, the construction material, exterior paint and finishes, the roofs, landscaping, and later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations or additions thereto on any Lot shall require the approval in writing (the "Letter of Approval") of the Committee (as described in Section 3.02 below) before any work is commenced. THE SCOPE OF REVIEW BY THE COMMITTEE SHALL BE LIMITED TO EXTERIOR APPEARANCE ONLY AND SHALL NOT INCLUDE ANY RESPONSIBILITY, LIABILITY OR AUTHORITY TO REVIEW FOR STRUCTURAL SOUNDNESS, INTERIOR DESIGN, COMPLIANCE WITH BUILDING OR ZONING CODES OR STANDARDS, OR ANY OTHER FACTORS. Commencement of construction prior to receipt of written Approval of the Committee, a copy of which must be signed by the Builder, or Owner, and returned to the Committee for retention, is strictly prohibited.

(b) No improvement or structure of any kind, including, without limitation, any building or fence shall be commenced, erected or maintained upon any Lot, nor shall any addition, change or alteration thereof be made unless and until the Committee shall have issued a Letter of Approval with respect thereto.

**3.02 Architectural Control Committee.**

(a) All architectural review and control functions shall be administered and performed by the Architectural Control Committee (the "Committee"). The





Committee shall be composed of three (3) members, and at all times, at least two-thirds (2/3) of the membership of the Committee shall be composed of Owners of Lots in the Property; provided, however, that Developer reserves the right to appoint the initial and successor members of the Committee, none of whom need be an Owner of a Lot in the Property, until the Developer no longer owns any Lots within the Property, or until Developer elects to terminate its control of the Committee, whichever shall first occur. After terminating control of the Committee by Developer, as aforesaid, the members of the Committee shall be appointed by, and shall serve at the pleasure of, the Board of Directors of the Association.

(b) The Committee shall not be required to conduct regular meetings. The Committee may conduct special meetings upon five (5) days notice from the Chairman elected by such Committee at such times and locations as may be established by the Committee.

(c) The members of the Committee may, as a Common Expense, retain the services of a registered architect, registered engineer, registered landscape architect, or other licensed professional to provide advisory services to and consult with the Committee in connection with the performance of its duties hereunder.

**3.03 Powers and Duties of the Committee.** The primary authority of the Committee shall be to examine and approve or disapprove all initial and subsequent plans more particularly set out herein, including site plans, for construction of improvements on Lots within the Property in accordance with the provisions of these Protective Covenants. The Committee shall have the following powers and duties:

(a) To propose, adopt, alter and amend rules and regulations applicable to builders, general contractors, and subcontractors who are engaged in the construction of improvements on any Lot or any portion of the Common Area within the Property.

(b) To require submission to the Committee of plans and specifications for any improvement or structure of any kind, and any change, modification or alteration thereof, including, without limitation, any such improvement or change to any building or

fencing the construction or placement of which is or is proposed upon any Lot. Such plans and specifications shall be in such form and shall contain such information as is required in Section 3.04 hereof.

(c) To approve or disapprove the submitted plans and specifications for any improvement or structure as hereinabove described prior to commencement of construction of such improvement or structure and to approve or disapprove any improvements constructed pursuant to such plans and specifications after the same have been fully completed. The Committee shall meet as necessary to approve plans and specifications. Prior to the use or occupancy of any improvement or structure constructed or erected on any Lot, the Owner thereof shall apply for a certificate from the Committee (the "Compliance Certificate") that the construction thereof has been completed in accordance with the aesthetic requirements of the plans and specifications approved by the Committee. If any improvement or structure as aforesaid shall be completed, changed, modified or altered without the prior approval of the Committee, or shall not be completed, changed, modified or altered in accordance with the approvals granted by the Committee, then the Owner shall, upon and in accordance with a demand by the Committee, cause the property, improvement or structure either to be restored to its original condition or to comply with the plans and specifications as approved by the Committee, and shall bear all costs and expenses of such restoration or compliance, including the costs and attorneys' fees of the Committee. Notwithstanding the aforesaid, after the expiration of one year from the date of final completion of any such improvement or structure, such improvement or structure shall be deemed to comply with all of the provisions hereof unless notice to the contrary shall have been recorded in the Probate Office of Shelby County, Alabama, or legal proceedings shall have been instituted to enforce such compliance. Any agent or member of the Committee may at any reasonable time enter any building or property subject to the jurisdiction of the Committee which is under construction or on or in which the agent or member may believe that a violation of the Protective Covenants in this Declaration is occurring or has occurred. The Committee may, from time to time, delegate to a person or persons, who may or may not be a member of the Committee, the right to approve or disapprove plans and specifications and to issue such certification. The approval by the Committee of the builder or contractor and/or plans and specifications submitted for its approval, as herein



specified, shall not be deemed to be a waiver by the Committee of the right to object to such builder or contractor and/or any of the features or elements embodied in such plans or specifications if and when the same builder or contractor and/or the same features and elements are embodied in any plans and specifications subsequently submitted for approval for other Lots. Any Owner aggrieved by a decision of the Committee shall have the right to make a written request to the Board of Directors of the Association (the "Board"), within thirty (30) days of such decision, for a review thereof. The determination of the Board, after reviewing any such decision, shall in all events be dispositive.

(d) To adopt fees which shall be designed to reimburse the Association for the necessary and reasonable costs incurred by it in processing requests for Committee approval of any matters under its jurisdiction. Such fees, if any, shall be payable to the Association, in cash, at the time that any application for approval is sought from the Committee. In the event such fees are not paid by the Owner, they shall become a lien of the Association on the affected Lot enforceable in the manner specified in Article V hereof.

(e) To modify, amend, or otherwise change the design criteria set forth in Section 3.05 below, so long as such modification, amendment, addition or change will not, in the opinion of the Committee, be inconsistent with the architectural environment of the Property or have a material adverse effect on improvements then existing within the Property, or to adopt and approve additional design criteria for the Property. Such changes or additional criteria shall be effective upon approval in writing by (i) a majority of the members of the Board of Directors of the Association at a meeting duly called and noticed and at which a quorum is present, and (ii) the Developer if the Developer shall then own any Lots. Notice of adoption of any change hereto or of any additional design criteria shall be available to each member of the Association, but delivery shall not be a condition precedent to adoption of such modification or additional criteria, or the validity and enforceability thereof.

**3.04 Review Documents.** Two sets of prints of the drawings and specifications (herein referred to as "Plans") for the exterior of each house or other structure proposed to

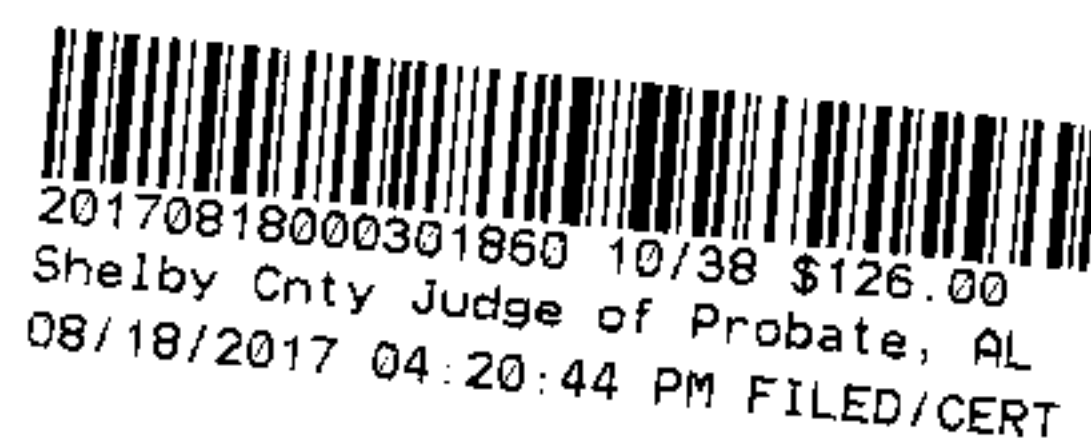
be constructed on each Lot shall be submitted for review and approval to the Committee. The Plans submitted to the Committee may be retained by the Committee. Said Plans shall be delivered to the general office of the Committee or to the office of the administration agent designated to service the Committee at least seven (7) business days prior to the date construction is scheduled to commence. All Plans submitted shall include the following:

- (a) The Plans shall include a site plan, foundation plan and floor plan.
- (b) All Plans for structures shall be not less than one-eighth (1/8) inch to one (1) foot scale.
- (c) The site plan must take into consideration the particular topographic and vegetative characteristics of the Lot or Lots involved.
- (d) The Plans must include the elevations of all sides of the proposed structure.
- (e) The Plans shall show all existing and planned improvements, access streets and walkways, driveways, setbacks, easements of record and drives.
- (f) All Plans must include a summary exterior specifications list on a form designated or approved by the Committee of proposed materials.

### **3.05 Design Criteria, Structure.**

(a) It is the intent of Developer that Chelsea Highlands will generally present a consistent architectural environment. The following types of exterior materials, among others, are acceptable, subject to final approval of the actual appearance of such materials by the Committee:

- (i) Primarily masonry with a small amount of brick, stone, painted wood, synthetic, or cement stucco or stucco board or an exterior insulated



finishing system (EIFS). All horizontal lapped siding shall have a maximum width of 8 inches per board exposed to weather, except as may be otherwise approved by the Committee.

(ii) Any siding used as a veneer other than in a gable shall not exceed 15% of total coverage of the exterior, excluding gables and dormers. Exclusive use of siding as an exterior finish is prohibited.

(iii) Natural or synthetic slate roofing shall be permitted, provided no white or other light colored roofing materials shall be permitted. The minimum pitch for the main roof shall be 8:12. Minor roof elements may have a pitch of not less than 6:12 with the approval of the Committee. If the roof design calls for an overhang, the overhang shall be not less than 12 inches from the vertical wall.

(iv) No concrete block, cinder block or concrete shall be used as an exposed building surface without the express approval of the Committee. Cross tie walls may be permitted in some cases if planned as a part of landscape plan. Any cross-tie wall and landscaping of same must be submitted to and approved by the committee in writing.

(b) Exterior materials shall be generally uniform on all sides of a residence, and no artificial, simulated or imitation materials shall be permitted without the prior approval of the Committee after submission of samples. Reflective glass shall not be permitted on the exterior of any dwelling, and no foil or other reflective material which produces the same effect as reflective glass shall be installed on any windows or used for sunscreens, blinds, shades or other purposes.

(c) Each structure shall have a private, enclosed garage for at least one and no more than four cars unless otherwise approved by the Committee (carports shall not be permitted). No garage doors shall be permitted to open on the front of any dwelling. Electric automatic door closures are encouraged and shall be required for garages visible or partially visible from the street.



(d) No window or "through wall" air conditioning units shall be allowed. All outdoor air conditioning units shall be located only at the side or rear of a dwelling.

(e) Satellite dishes, not to exceed eighteen inches in diameter may be permitted if properly screened. Any other type of radio antenna, radio receiver, or other similar electronic or radio receiving device must be approved in writing by the Architectural Control Committee. No radio or television signals or any other form of electromagnetic radiation or transmission shall be permitted to originate from any lot or dwelling which may interfere with the reception of radio or television signals within the Property.

(f) No plumbing or heating ventilators shall be placed on that portion of the roof of any structure which fronts on a street providing primary access to a Lot. All vents, fans or other items protruding from roofs shall be painted in as nearly the same color as the roof covering as is possible and shall be located on the rear or side of the roof. Any material other than natural copper used for roof valleys, flashings, drips, downspouts or gutters shall be painted to blend with roof color or with the color of the exterior finish of the dwelling.

(g) Swimming pools (except for above-ground pools), outdoor hot tubs, reflecting ponds, saunas, whirlpools, lap pools, tennis courts, basketball courts and other such facilities may be constructed, installed and maintained within applicable setbacks on any Lot provided that the same does not result in a violation of any other restriction contained herein, and approval therefor is first obtained from the Committee. All lighting for such facilities and the hours during which such lighting may be used must be approved by the Committee.

(h) All driveways shall be finished with asphalt or concrete. Dirt, gravel and loose stone driveways following completion of construction of a dwelling are prohibited.

(i) All chimneys must be at least two feet and four inches (2' 4") by four feet (4'-0") in size and will be required to have finished caps. The approved exterior finish material shall be, brick, stone, stucco, masonite or cement based stucco board. Other exterior materials will be considered on written request to the Committee. No horizontal siding shall be permitted on chimney chases.

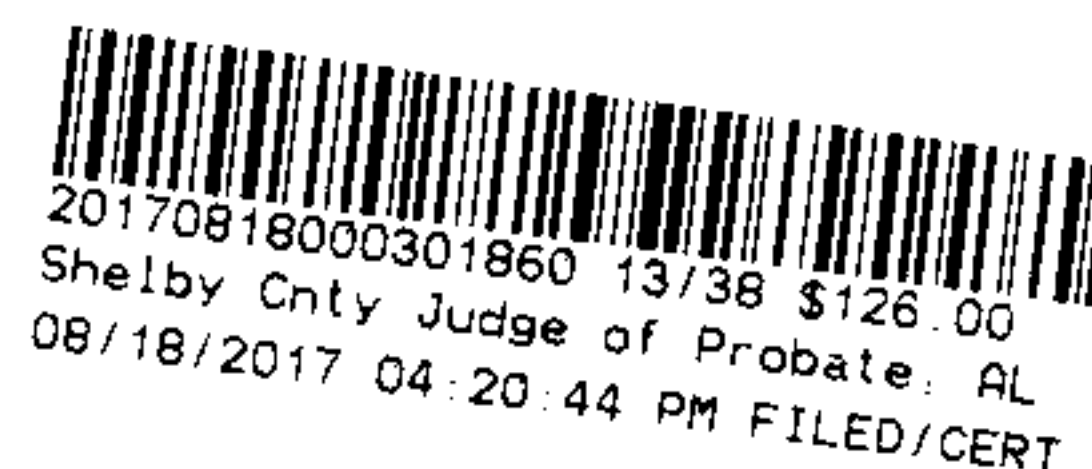
(j) All mailboxes shall be located and constructed in accordance with U. S. Postal Service specifications. Developer shall have the right to specify the specific type, color, design and style of mailbox to be used.

(k) Street lighting shall consist of electric "acorn" style lamps mounted on top of a post.

(l) There shall be no silver chrome/mill finish aluminum or other silver finish metal doors (including glass sliding doors) and windows of any kind. All windows must be wood framed or wood framed with vinyl or aluminum clad or vinyl. The color of such finish must be approved by the Committee. All screening must be of a dark colored material.

(m) Chain link, wire, or metal (other than wrought iron) fences of any type are prohibited, but black or green vinyl coated chain link fences may be permitted upon approval of the Committee in rear yards only. All fences, including materials and location, must be approved by the Committee prior to construction. All fences visible from the street shall not extend beyond the front building set back line of any adjacent lot and shall not exceed six feet in height above grade.

(n) Drainage of surface water, storm water, and/or foundation drains may not be connected to sanitary sewers. Existing drainage shall not be altered in any manner, and specifically shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot or Lots.



(o) Outside clothes lines or other facilities for drying or airing clothes shall not be permitted. Barbecue grills and other types of outdoor cooking equipment shall be located at the side or rear of the dwelling.

(p) Accessory structures, including but not limited to accessory buildings, detached garages, pool houses, utility sheds, and gazebos will not be permitted without written approval from the Committee. All play equipment shall be located so as to have a minimum visual impact on adjacent properties. Fountains, birdbaths, sculptures or doghouses shall be permitted but shall be limited to the back or side Yards only. Barns are okay in rear of house built complimentary of home. No trailer, tent or shack, whether of a temporary or permanent nature, shall be erected on any Lot at any time. A barn is permitted in the rear of the house as long as it is complementary to the house. All barns must be approved by the Architectural Control Committee.

(q) Front steps shall be constructed of brick, stone or architecturally treated concrete, provided such shall be subject to approval of the Committee.

(r) No facilities, including poles, wires, pipes and conduits for the transmission of electricity, telephone, gas, water, sewer, cable television, security and other uses, shall be placed or maintained above the surface of the ground on any Lot, and no external or outside antennas of any kind shall be maintained, except as is expressly permitted or referred to in Section 3.05(f) above. No Lot Owner shall erect or permit any other party to erect any such overhead wires, poles or facilities of any kind. Each Lot Owner agrees, by acceptance of a deed to a Lot within the Property, to connect utility service lines (including, but not limited to, natural gas, water, sewer, cable television and electricity) at points designated by the Developer.

(s) Firewood shall be stored only at the rear or side of a dwelling in a location having minimum visual impact on adjoining properties.

**3.06 Limitation of Liabilities.** Neither the Committee nor any architect, nor engineer, nor agent thereof, nor Developer, nor the Association, shall be responsible in any way for any defects in any Plans or specifications submitted, revised or approved in



accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such Plans and specifications. It is specifically agreed that the scope of review by the Committee shall be limited to aesthetic characteristics and appearance only and shall not include any responsibility or authority to review for structural soundness, compliance with building or zoning codes or standards, or any other similar matter. Neither the Committee, nor any member thereof, shall be liable to any Owner for any action taken, or omitted to be taken by the Committee or the individual members thereof in the performance of their respective duties hereunder.

### **3.07 Exclusive Residential Use and Improvements.**

(a) All Lots in the Property shall be known, used, and described as residential Lots and shall be used for single family residential purposes exclusively, and for no other purpose, and no Lot shall be subdivided so as to decrease the size of any Lot as shown on any recorded map or plat. No structure, except as otherwise provided, shall be erected, altered, placed or permitted to remain on any Lot other than one detached single family residence dwelling with not more than two stories, excluding the basement as a story, and a private garage. For purposes of this section 3.07(a), attics, attic areas and roofs shall not be included as a story. This section shall not be interpreted as to prohibit the construction of one residence upon three (3) or more Lots. No open deck or other structure requiring separate and independent support to the ground shall be constructed so as to be higher than the top of the first floor of the dwelling.

(b) Every dwelling building erected on any Lot in the Property, exclusive of one-story open porches, garages, carports and other unairconditioned, unfinished spaces, shall each include a minimum of 2,400 square feet of enclosed, heated, habitable areas, ("finished space") for a one-story home, and 2,800 square feet of finished space for a one and one half story or two story home, with a minimum of 1,800 square feet on the first floor.

(c) No more than one single family unit shall occupy any dwelling house. For purposes of this section, and except as may be otherwise provided by law, a single family shall mean a group of people related to the owner, the spouse of the owner,

or any person cohabiting with the owner by blood or marriage within the first degree of affinity as computed under the civil law

### **3.08 Subsurface Conditions.**

(a) Approval of the submitted Plans by the Committee as herein provided shall not be construed in any respect as a statement, representation or warranty of the Committee, the Developer, or any person acting on behalf of them, to the Owner or any other person submitting such Plans, or successors or assigns of such Owner, that the surface or subsurface conditions of the Lot are suitable for the construction of the improvements contemplated by such Plans. It shall be the sole responsibility of the Owner to determine the suitability and adequacy of the surface and subsurface conditions of the Lot for the construction of any and all structures and other improvements thereon.

(b) Neither the Association, the Committee (and their respective individual members), nor the Developer and its partners, agents, and employees and the officers, directors, agents, and employees of its partners, shall be liable to any Owner, or the successors, assigns, licensees, lessees, employees and agents of any Owner, for loss or damage on improvements, or structures now or hereafter located upon the Property, or on account of injuries to any Owner, occupant, or other person in or upon the Property, which are caused by known or unknown sinkholes, underground mines, limestone formations or other similar conditions under or on the Property.

**3.09 Variance Requests.** The Committee, in its discretion, shall have the authority to modify the requirements of this Article III upon the request for a variance from such requirements by an Owner with respect to his or her Lot. If the Committee grants a requested variance, the nonconforming improvements subject to said request shall not be deemed to be in violation of these covenants. The granting or denial of a request for variance shall not be binding on the Committee, nor shall it have any precedential value, on any further variance requests by the Owner or another Owner.

**3.10. Landscaping and Irrigation.** Each Lot shall, to the extent practicable, incorporate into the landscaping plan therefor the natural plant life existing on such Lot,

and shall otherwise take such steps which will, to the extent practicable, preserve the existing trees, plant life, wild flowers, and natural environment, including natural drainage channels which exist on such Lot.

3.11 **Setback Requirements.** The following setback requirements shall be applicable to the Lots in the Map and Survey of Chelsea Highlands, except as may be otherwise shown on any recorded map or plat:

- (a) Side yard requirements shall be twenty feet (20'0"). 50' total.
- (b) Rear setback shall be forty feet (40'0").
- (c) Front setback shall be forty feet (40'0") except as denoted on the record map.

(d) For purposes of subparagraphs (a) through (c) above and any other setback requirements as may be shown on the Record Map, eaves, steps, stoops, uncovered porches, uncovered terraces and uncovered decks shall not be deemed a part of the dwelling.

3.12 **Area Limitations.** No more than twenty-five percent (25%) of the total area of each Lot shall be utilized for a dwelling. No more than twenty-eight percent (28%) of the Lot shall be utilized for driveways, walkways and patios. No more than eleven percent (11%) of the Lot shall be utilized for pools and pool houses. No more than 2 driveways, entrances or exits into a street shall be permitted for each Lot. On Lots greater than thirty thousand (30,000) square feet, no more than a total of seven thousand two hundred (7,200) square feet can be utilized for other improvements, such as tennis courts or basketball courts (in addition to up to eleven percent (11%) for pools and pool houses).

## ARTICLE IV



## EASEMENTS

4.01 **Owners' Easement With Respect to Common Areas.** Every Owner shall have a right and easement of enjoyment in and to all Common Areas subject to the limitations set forth in this Declaration.

4.02 **Drainage Easement.** Drainage flow shall not be obstructed or diverted from drainage swales, storm sewers and/or utility easements as reflected on the Record Map, or as may hereafter appear on any plat of record in which reference is made to these Protective Covenants. The Developer or the Association may locate and construct drain ways for surface water wherever and whenever such action may appear to Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health and appearance. Except as provided herein, existing drainage shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot or Lots or Common Areas. The provisions hereof shall not be construed to impose any obligation upon Developer or the Association to locate or construct such drain way.

No permanent structure may be constructed or placed in such flowage easement area. Each Lot owner also agrees, upon a conveyance of a Lot and by acceptance of a deed to a Lot, to assume all the risks and hazards of ownership or occupancy attendant to such Lots, including but not limited to its proximity to waterways.

4.03 **Utility Easement.** Developer reserves for itself and the Association the right to use, dedicate and/or convey to the appropriate local authority or agency, and/or to the appropriate utility company or other companies, rights-of-way or easements on, over or under the ground to erect, maintain and use utilities, electric and telephone poles, wires, cables, cable television, conduits, storm sewers, sanitary sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, cable television, or other public conveniences or utilities, on, in and

over the utility easements reflected on the Record Map or as may hereafter appear on any plat of record of Property subject to these Protective Covenants.

**4.04 Additional Easements and Uses.** For so long as the Developer owns any Lot, the Developer, and, thereafter, the Association, on its own behalf and on behalf of all Owners, who hereby appoint the Developer and/or the Association, as the case may be, irrevocably, as their attorney-in-fact for such purposes, shall have the right to grant such additional electric, telephone, water, sanitary sewer, landscaping, irrigation, security, maintenance, drainage, gas, cable television and/or other utility, recreational or service easements or facilities (subject to applicable restrictions), in any portion of the Property, and to grant access easements or relocate any existing access easements in any portion of the Property, as the Developer or the Association shall deem necessary or desirable for the proper operation and maintenance of the Property, or any portion thereof, or for the general welfare of the Owners, or for the purpose of carrying out any provisions of this Declaration, provided (a) such new easements or relocation of existing easements will not, in the opinion of the Board of Directors of the Association, unreasonably interfere with any Owner's enjoyment of the portion of the Property owned by such Owner, (b) any required work is done at the sole cost and expense of the Association, and after completing such work, the Association will restore any portion of the Property which was affected to the same or as good a condition as existed immediately before the commencement of such work, and (c) following the completion of such work, the Association shall cause a survey to be made of the easement showing its location on the Property and cause the same to be recorded in the Probate Office of Shelby County, Alabama. Such right of the Developer and/or the Association shall also include the right to provide for such simultaneous or concurrent usage of any presently existing or additional easements for such purposes, not infringing upon their stated purposes, as it may deem necessary or desirable, including, but not limited to, their use for the recreational purposes of the Owners, their respective tenants, employees, guests, invitees, licensees and agents.

**4.05 Additional Documents.** All Owners agree, upon the request of the Developer, the Committee, or any other person having the right to do so, to execute such

other documents as are necessary or convenient to effectuate the intent of this Declaration with respect to all easements which may be created pursuant to this Article IV.

**4.06 Limitations.** Any easements which may be created pursuant to this Article IV shall be appurtenant to, and the benefits and burdens thereof shall pass along with the title to, every Lot and are further subject to the following limitations:

(a) All provisions of this Declaration and the Articles and By-Laws of the Association;

(b) All the rules and regulations governing the use and enjoyment of the Common Areas which may have been or may hereafter be adopted by the Association; and

(c) All restrictions contained on any and all plats of all or any part of the Common Areas or any other part or parts of the Property.

## **ARTICLE V**

### **COVENANTS FOR MAINTENANCE ASSESSMENTS**

**5.01 Affirmative Covenant to Pay Assessments.** Each Owner, by acceptance of a deed or other instrument of conveyance for a Lot, whether or not it shall be so expressed in any such deed or other instrument, including any purchaser at a judicial sale, shall be obligated and hereby covenants and agrees to pay to the Association, in the manner set forth herein, all assessments or other charges, determined in accordance with the provisions of this Declaration (the "Assessments").

**5.02 Purpose of Assessments.** The Assessments levied by the Association shall be used exclusively for the preservation of the appearance, value and amenities of the Property, and in particular for the improvement, preservation, maintenance and administration of the Common Areas (including, without limitation, the payment of Common Expenses under Article VI below) and of any easement in favor of the



Association and/or the Owners, as well as for such other purposes as are properly undertaken by the Association.

**5.03 Annual Assessments.** The Association shall levy Annual Assessments in such amounts as are necessary to meet the Common Expenses (as defined in Article VI below) and such other recurring or projected expenses as the Board of Directors of the Association (the "Board") may deem appropriate. The Assessment year for the Annual Assessment need not be the calendar year.

**5.04 Special Assessments.** In addition to the Annual Assessments specified in Section 5.03 above, the Association may at any time levy one or more Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or expected or unexpected repair to or replacement of any of the Common Areas, including any fixtures and personal property related thereto.

**5.05 Duties of the Board of Directors.** The Board shall fix the amount of all Assessments, the date of commencement for each Assessment, and the due date of such Assessment, on a per Lot basis, at least thirty (30) days in advance of any such commencement date, and shall at that time, prepare a roster of the Lots and Assessments applicable thereto, which roster shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the amount of the Assessment, the commencement and due dates shall be sent to every Owner subject thereto not later than seven (7) days after fixing the date of commencement.

**5.06 Date of Commencement and Due Date for Assessments.** The liability of a Lot for any Assessment shall commence on the date or dates (which shall be the first day of a month) fixed by the Board in the resolution authorizing such Assessment. The due date of any such Assessment (which may be different from the commencement date) shall also be fixed in the resolution authorizing such Assessment (but which need not be the first day of a month). Such Assessments shall be payable in advance in monthly, quarterly, semi-annual or annual installments, as so fixed in the resolution authorizing the Assessment.

**5.07 Allocation of Assessment.** The Board shall allocate a portion of each Assessment to each Lot in the proportion that each Lot bears to the total number of Lots within the Property (to the nearest one-thousandth).

**5.08 Certificates Concerning Assessments.** The Association shall, upon demand at any time, furnish to any Owner liable for any Assessment or his designee or any Institutional Mortgagee a certificate in writing signed by an Officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

**5.09 Liability of Owners for Assessments.** No Owner may exempt himself from liability for any Assessment levied against his Lot by waiver of the use or enjoyment of any of the Common Areas, or by abandonment of the Lot.

**5.10 Effect of Non-Payment of Assessments: The Lien, the Personal Obligation; Remedies of the Association.**

(a) If any Assessment or other charge or lien provided for herein is not paid in full on the due date set by the Board, then such Assessment, charge or lien shall become delinquent on the thirtieth day thereafter, and together with interest thereon and cost of collection thereof as are hereinafter provided, thereupon become a continuing lien on the Lot encumbered thereby, and also the personal obligation of its Owner, his heirs, and his or its successors and/or assigns. Notice of such delinquency shall be forwarded to such Owner and any Institutional Mortgagee having an interest in the Lot. The personal obligation of any Owner to pay such Assessment, however, shall remain his or its personal obligation and shall not pass to any successors or assigns unless expressly assumed by them.

(b) If any Assessment is not paid within thirty (30) days after the delinquency date, the Assessment shall bear interest from the date of delinquency at the highest rate permitted under Alabama law, and the Association may bring an action against the Owner personally obligated to pay the same and/or commence the foreclosure of the aforesaid lien against the Lot in like manner as a foreclosure of a mortgage on real

property under the laws of the State of Alabama, and there shall be added to the amount of such Assessment all attorneys' fees incurred in attempting to collect such Assessment and in prosecuting any action for the same, the cost of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include the interest on the Assessment as above provided together with the costs of the action. The lien granted to the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien. Any person (except an Institutional Mortgagee) who shall acquire, by whatever means, any interest in the ownership of any Lot, or who may be given or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to the Association and shall acquire his interest in any Lot expressly subject to any such lien of the Association.

(c) The lien herein granted to the Association shall be perfected by recording a Claim of Lien in the Probate Office of Shelby County, Alabama, stating the description of the Lot encumbered thereby, the name of its Owner, the amount due and the date when due. The lien shall continue in effect until all sums secured by it, as herein provided, shall have been fully paid. Such Claim of Lien shall include only Assessments which are due and payable when the Claim of Lien is recorded, plus interest, costs, attorneys' fees and advances to pay taxes, prior encumbrances and other proper charges together with interest thereon, all as provided herein. Such Claim of Lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such Claim of Lien, the same shall be satisfied of record. No sale or other transfer of a Lot shall relieve any Owner from liability for any Assessment due before such sale or transfer, nor from the lien of any such Assessment. The written opinion of an officer of the Association that any lien is subordinate to any given mortgage shall be deemed to be dispositive of that issue.

(d) The lien of any Assessments shall be subordinate to the lien of any Institutional Mortgagee bearing a recording date in the Probate Office of Shelby County, Alabama prior to the date of recording the Association's Claim of Lien. Where an Institutional Mortgagee obtains title to a Lot as a result of foreclosure of its mortgage or



where any Institutional Mortgagee or its designee accepts a deed to a Lot in lieu of foreclosure, such acquirer of title, its successors and assigns, shall not be liable for any Assessment pertaining to such Lot or chargeable to the former Owner which became due prior to the acquisition of title to such Lot, unless such delinquent Assessment was secured by a Claim of Lien recorded prior to the recordation of the Institutional Mortgagee's mortgage. Nothing herein contained shall be construed as releasing the party liable for such delinquent Assessments from the payment thereof or liability for the enforcement or collection thereof by means other than foreclosure.

(e) Any person who acquires an interest in a Lot, except an Institutional Mortgagee as specifically provided above, including, but not limited to, persons acquiring title by operation of law or at a judicial sale, shall not be entitled to occupancy of the Lot or the use or enjoyment of the Common Areas until such time as all unpaid Assessments due and owing by the former Owner have been paid in full. Any party who has a contract to purchase a Lot, or who has made application for a loan secured by a mortgage on said Lot, may, by written request, inquire of the Association whether the Lot is subject to any Assessments which are due and payable and the Association shall give the requesting party a written response within ten (10) days of such inquiry providing information as to the status of Assessments on said Lot. The party making such request may rely on the information set forth in such response and the facts stated therein shall be binding upon the Association.

(f) The Association shall have the right to assign its Claim of Lien, and any other lien rights provided for in this Article V, for the recovery of any unpaid Assessments, to the Developer, to any Owner or group of Owners, or to any third party.

**5.11 Exempt Property.** The Board shall have the right to exempt any portion of the Property from the Assessments, charges and liens created herein provided that such part of the Property exempted is used (and as long as it is used) for any of the following purposes:

(a) As an easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;

(b) As a Common Area as defined in Section 1.02 hereof.

**5.12 Initial Assessments.** Assessments shall be made or levied pursuant to this Article at the sale of the Lot or immediately thereafter.

## ARTICLE VI

### COMMON EXPENSES

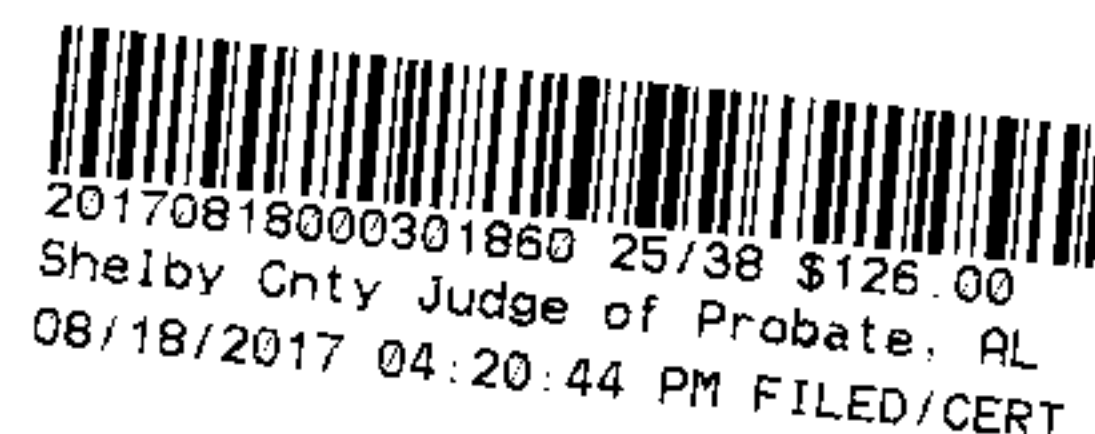
The following are certain expenses with respect to the Common Areas which are hereby declared to be Common Expenses which the Association is obligated to collect by Assessment and which Owners are obligated to pay as provided in Article V hereof. The enumeration below of these expenses shall in no way limit the Association from considering other expenses incurred in managing the Association or any part of the Common Areas and/or the Property as expenses subject to collection by Assessment.

**6.01 Maintenance and Repair of Common Areas.** The cost and expense to keep and maintain the Common Areas in good and substantial repair and in a clean and attractive condition, if any, including the charges in Section 7.01 of this Declaration.

**6.02 Management.** The cost and expense of such (i) employees or agents, including professional management agents, accountants and attorneys, and (ii) materials, supplies and equipment as may be needed to provide for the management, supervision and maintenance of the Common Areas, including any actual cost borne by the Developer in the management of the same.

**6.03 Property Taxes.** All ad valorem taxes and other assessments relating and connected to the Common Areas, if any.

**6.04 Reserves.** The Association shall establish contingency reserves for repairs to Common Area structures such as lighting or sidewalks. The Association may establish reserves for the payment of Common Expenses in the future.



**6.05 Fidelity and Directors' Insurance.** Fidelity and Directors' Insurance covering all directors, officers and employees of the Association and all managing agents who handle Association funds, if any.

**6.06 Interested Transactions.** The Association may obtain materials and services from the Developer or any of its Affiliates in connection with the management of the Association or any part of the Common Areas as herein contemplated; provided that the compensation for such materials and/or services is, in the opinion of the Association, comparable with the compensation of any non-affiliated third party providing similar materials and/or services which can be reasonably made available to the Association.

**6.07 Enforcement of Declaration and Rules and Regulations.** All fees, costs and expenses, including attorneys' fees through all appellate levels, in connection with the Association's duty to enforce all of the Protective Covenants and other terms contained in or imposed by this Declaration, and all rules and regulations adopted pursuant to the Articles, by the By-Laws or this Declaration.

## **ARTICLE VII**

### **RESTRICTIONS ON USE**

#### **7.01 Maintenance.**

(a) It shall be the responsibility of each Owner to prevent any unclean, unsightly or un-kept conditions of buildings or grounds on such Lot which shall tend to decrease the beauty of the specific area or of the neighborhood as a whole.

(b) All Lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in a neat and attractive condition and in such manner as to prevent their becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon. In order to implement effective control of this item, Developer reserves for itself, its agents and the Association, the right, after ten (10) days' notice to any Owner of a Lot, to enter upon such Lot with such equipment and devices as may be necessary for the purpose of mowing, removing,



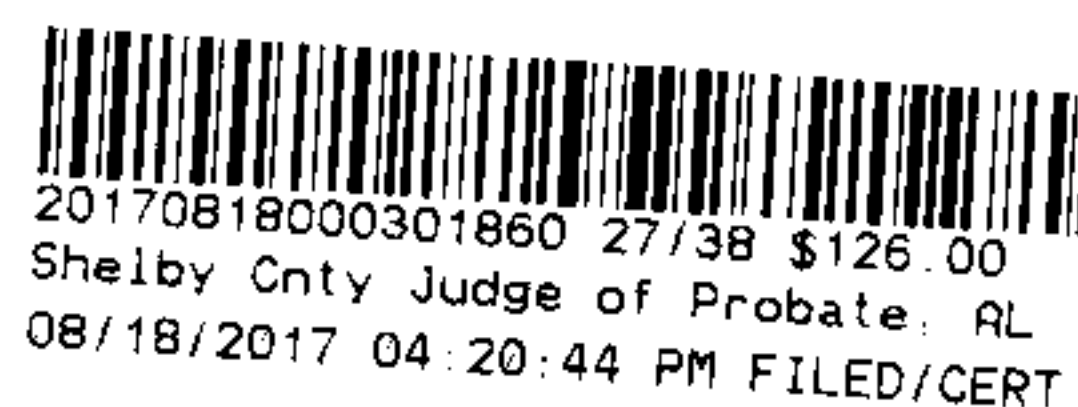
clearing, or cutting underbrush, weeds or other unsightly growth and trash which in the opinion of the Developer or the Association detracts from the overall beauty and safety of the Property. Such entrance upon such property for such purposes shall be only between the hours of 7:00 a.m. and 6:00 p.m. on any day except Sunday and shall not be a trespass. Developer or the Association may charge the Owner a reasonable cost for such services, which charge shall constitute a lien upon such Lot enforceable in accordance with Section 5.10 of this Declaration. The provisions of this section shall not be construed as an obligation on the part of Developer or the Association to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

(c) All maintenance for the Common Areas will be the responsibility of the Association. Maintenance to be provided by the Association includes, but is not limited to, maintenance of the entrance to the Property, maintenance of all landscaping and grassed portions of the Common Areas, including medians, if any, and general maintenance or repair of any kind whatsoever of any areas within the Property which are not the responsibility of a governmental authority or a specific Owner. Notwithstanding anything within this Declaration to the contrary, so long as Developer owns any Lots within the Property, Developer reserves the right to provide or contract to provide for all such maintenance services for the benefit of the Association and to bill the Association for the cost of such services not more frequently than quarterly.

## **7.02 Construction.**

(a) In the event of any damage to any utilities, drainage structure, roadway, or other infrastructure by any Owner, or his or her agents, servants, employees, or contractors, the Developer or the Association shall have the right to repair any damage not repaired after ten (10) days written notice and to charge the Owner, or his or her contractor, the reasonable cost for such repair, which charges shall constitute a lien upon such Lot enforceable in accordance with Section 5.10 of this Declaration.

(b) During construction of any dwelling or improvement, the Owner must keep Lots, homes and garages maintained and clean and must keep Yards cut. All building debris, stumps, trees, and other waste must be removed from each Lot by the builder or contractor as often as necessary to keep the Lot attractive. Such debris and waste material shall not be kept on any Lot nor dumped in any area of the Property. No



unused material (except rocks or bricks) may be buried on or beneath any Lot or dwelling.

(c) Adequate silt fencing, erosion control devices, and gravel at the entry of each driveway must be properly installed and maintained during construction. All streets within the Property or any adjoining property shall be kept free of dirt, gravel, mud, silt and debris from erosion and construction traffic.

(d) During the construction of any improvements or dwellings, the Owners and their agents, contractors, subcontractors and material suppliers shall comply with all requirements of any governmental authorities having jurisdiction over the Property, including but not limited to the Alabama Department of Environmental Management and the Engineering Department of the City of Chelsea.

**7.03 Animals.** Subject to the Association's sole discretion, no animals, livestock, birds, insects or poultry of any kind or description except the usual household pets shall be kept, raised or bred on any Lot; provided, however, that no household pet may be kept on any Lot for commercial breeding purposes; provided further, that any household pets shall be confined to the Lot of the Owner thereof and must be kept on a leash when permitted to be outside. No more than three (3) outside pets per dwelling shall be permitted. Horses are allowed on lots 7, 8, and 9. Lots 7, 8 and 9 must have one acre of fenced in property per horse.

**7.04 Nuisance.** No noxious, offensive or illegal activities shall be carried on or permitted to exist upon any Lot or within the Property nor shall anything be done on any Lot or within the Property which may be or may become an annoyance, embarrassment, nuisance or source of discomfort to the neighborhood or which would render any portion of the Lot or dwelling thereon unsanitary, unsightly, offensive or detrimental to other Lot owners or which may result in the cancellation or increase of insurance coverage or premiums for others, or cause a 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, or other similar sound devices other than security and fire alarm devices used exclusively for such purposes shall be located or placed upon any Lot, dwelling or other portion of the Property.

7.05 **Minerals.** No oil or natural gas drilling, refining, quarrying or mining operations of any kind shall be permitted upon any Lot and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted on any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot.

7.06 **Garbage.** No trash, garbage, rubbish, refuse, waste or other debris of any kind shall be dumped, placed or permitted to accumulate on any portion of the Property. All dead trees, limbs, leaves and other debris shall be removed from the Lot within a reasonable length of time. Trash, garbage, or other refuse or waste shall not be kept on any Lot or dwelling except in sanitary containers or garbage compactor units. Garbage containers shall at all times be kept at the rear, side, or inside of a dwelling and shall be screened from view from streets and adjacent Lots and dwellings by appropriate landscaping or fencing. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted except during construction with approval of the local governmental authorities and the Committee. The Owner of each Lot shall contract with the authorized agent in the City of Chelsea or Shelby County for the collection of trash, refuse and garbage.

7.07 **Signs.** All signs, billboards or advertising structures of any kind are prohibited except that (i) developer, builder and contractor signs will be permitted during construction periods if approved by the Committee, and (ii) one professional sign of not more than five (5) square feet will be permitted to advertise the Property for sale during sales periods. All builder or contractor signs shall be promptly removed after completion of construction. No sign shall be nailed or attached to trees.

7.09 **Damaged Structures.** Any dwelling or other structure on any Lot in the Property which may be destroyed in whole or in part for any reason must be rebuilt within one (1) year. All debris must be removed and the Lot restored to a sightly condition with reasonable promptness, provided that in no event shall such debris remain on any Lot longer than sixty (60) days.

7.10 **Roadway Obstruction.** No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above any roadway shall be placed or permitted to remain on any corner Lot within the triangular area



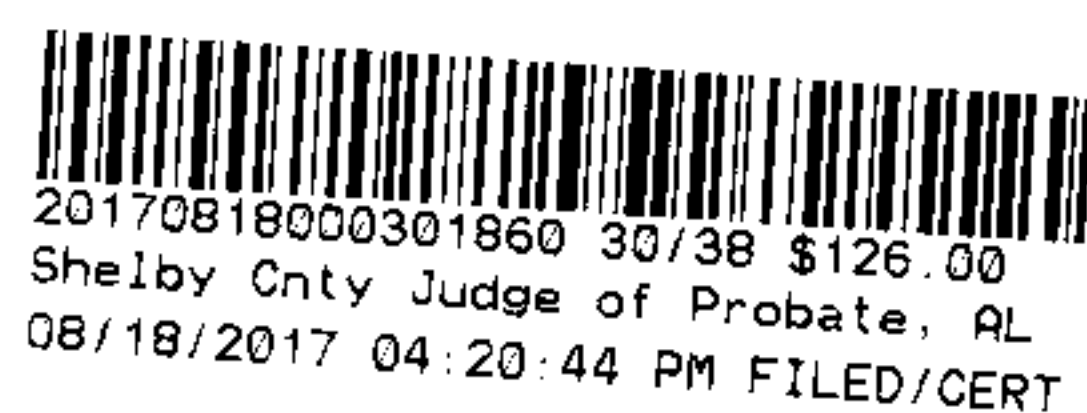
formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. Except as herein provided, no trees shall be permitted to remain within such distance of such intersections unless the foliage is maintained at sufficient height to prevent obstruction of such sight-lines. Any such tree or shrub of a rare or unusual species may be permitted to remain in place upon application to and written permission from the Committee.

**7.11 Boats, Trailers and Campers.** No boat, boat trailer, house trailer, truck, camper or similar equipment or vehicle shall be parked or stored on any road, street, or driveway, located in the Property. Said equipment or vehicle may be stored in a garage or at the rear of lot behind house within the side setbacks. Said equipment or vehicle shall not be visible from any street for any period of time in excess of twenty-four (24) hours. Also, no un-kept, un-operational, unmaintained or otherwise unattractive vehicle or piece of equipment may be parked or stored on any road, street, driveway, Yard or Lot or otherwise be visible from any street in the Property, but may be kept only in garages. No vehicles of any kind shall be parked on any Yard or natural areas of a Lot.

**7.12 Trees.** All Owners shall use their best efforts to preserve as many trees as practicable on their respective Lots. During the construction of any improvements or dwellings, the Owners and their agents, contractors, subcontractors and materials suppliers shall use their best efforts not to damage trees or other vegetation which, pursuant to this Declaration, are to be preserved.

**7.13 Firearms.** There shall be no discharging of any type firearm or other weapon in the Property.

**7.14 Due Care.** Each and every Owner and future Owner, in accepting a deed or contract for any Lot or Lots in the Property, whether from Developer or a subsequent Owner of such Lot, agrees, in connection with the construction of any improvements on such Lot or Lots, to exercise due care, and to assure that any builders or contractors of such Owner, or employees and subcontractors of such contractors, will exercise due care and will comply with any and all governmental rules, regulations, codes and ordinances relating to safety, so as to protect the safety and health of the public, and the safety and



health of such Owner, his or her family, and any such builder or contractor and its employees and subcontractors.

**7.15 Time of Construction.** Upon the commencement of construction of any building on a Lot, work thereon must be prosecuted diligently and continuously and must be completed within twelve (12) months from date of commencement of construction.

**7.16 Drainage.** No Owner shall restrict the planned flow of storm water along any street or road upon which the Owner's Lot fronts or adjoins. All proposed construction of driveways or other ingress and egress to each Lot shall be approved by the Committee in efforts to prevent violation of such restriction.

**7.17 Entrance to Property and Roadways.** The Property may be accessed only from the designated entrance off of Highway 32 Road and from roads within the Property, as shown on the Record Map. No other connecting road, driveway, alley or other vehicular access shall be permitted.

## **ARTICLE VIII**

### **MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION**

**8.01 Membership.** Every Owner, including the Developer for so long as it is an Owner, shall at all times be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot. Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Probate Office of Shelby County, Alabama and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided

such tender is accepted), or upon such ownership interest being divested in some other manner.

**8.02 Voting.** Subject to the restrictions hereinafter set forth, each member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership. When one or more persons hold such interest, all such persons may be members, and the vote(s) for such Property shall be exercised in the manner set forth in the By-Laws, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot. There shall be no fractional voting. The votes of an Owner of more than one (1) Lot cannot be divided for any issue and must be voted as a whole. Except where otherwise required under the provisions of this Declaration, the Articles or the By-Laws, the affirmative vote of Owners who own a majority of the Lots which are represented at any meeting of members duly called, and at which a quorum is present, shall be binding upon the members. Voting may take place by proxy executed and delivered in the manner set forth in the By-Laws.

Notwithstanding the provisions of this Section 8.02, the Developer shall have the exclusive right to (i) vote on all issues and matters of the Association, and (ii) elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until such time as all Lots have been sold to Owners other than Developer, or the Developer elects, at its option, to terminate its control of the Association, whichever first occurs.

## ARTICLE IX

### RIGHTS OF DEVELOPER

**9.01 Indemnification.** Each and every Owner, in accepting a deed or contract for any Lot or Lots in the Property whether from Developer or a subsequent owner of such Lot, agrees to indemnify and reimburse Developer and/or the Association, as their respective interests may appear, for any damage caused by such Owner or the builder, contractor, agent or employees of such Owner, to roads, streets, gutters, walkways, Common Areas, or other portions of the Property, including all surfacing thereon, or to water, drainage or storm sewer lines or sanitary sewer lines owned by Developer and/or



the Association, or for which Developer and/or the Association has responsibility, at the time of such damage.

**9.02 Limitation of Liability.** Each and every Owner, in accepting a deed or contract for any Lot or Lots in the Property, whether from Developer or a subsequent Owner of such Lot, agrees and covenants to release, indemnify, protect and hold harmless the Developer, and its agents, directors and employees (all of whom are included in the term "Developer" for the purposes of this Section 9.03) from and against any and all claims and demands by such Owner, any member of his or her family, their employees, agents, guests, invitees, licensees, builders, contractors, and employees or subcontractors of such contractors, or any other persons whomsoever, for damages to property and personal injury or death (including but not limited to, the Developer's contributory negligence) which may arise out of or be caused directly or indirectly by such Owner's Lot or Lots, and/or the use of or construction on said Lot or Lots by said Owner, any member of his or her family, their guests, agents, invitees, licensees, builders, contractors, or by any other person whomsoever. The indemnification by such Owner as set forth above shall also cover any and all expenses of Developer, including attorneys' fees resulting from any claims or demands.

## **ARTICLE X**

### **NATURE OF PROTECTIVE COVENANTS; DEFAULTS AND REMEDIES**

**10.01 Protective Covenants Running with the Land.** The foregoing Protective Covenants shall run with the land and constitute a servitude in and upon the Property and shall inure to the benefit of and be enforceable by the Developer, by the Association, by any Owner, or by any Adjacent Owner for a term of fifty (50) years from the date this Declaration is recorded, after which time the said Protective Covenants shall automatically be extended for successive periods of ten (10) years, unless an agreement, which has been signed by Owners who own two-thirds (2/3) or more of the then existing Lots in the Property, agreeing to terminate or modify this Declaration has been recorded in the Probate Office of Shelby County, Alabama.

**10.02 Default.** Violation or breach of any of the Protective Covenants shall constitute a default hereunder. Any person given the right to enforce the Protective

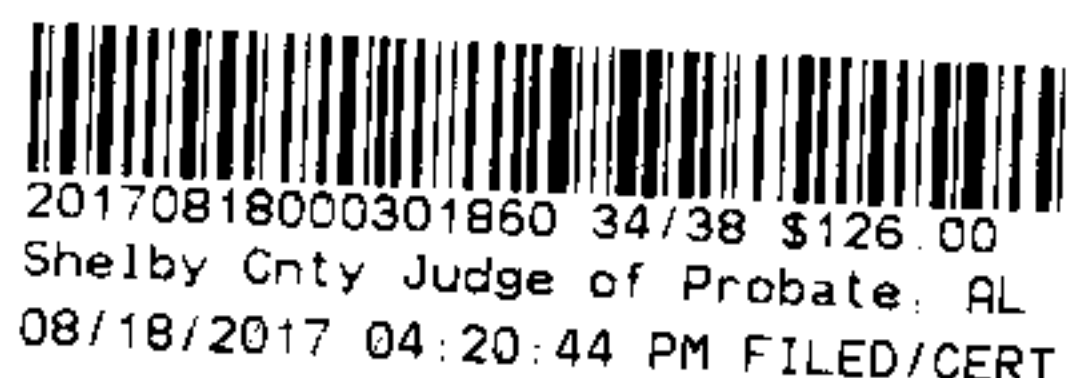
Covenants herein set forth may provide written notice thereof to any Owner (and any Institutional Mortgagee who or which has requested the same and provided to the Association an address for such notices).

**10.03 Remedies for Default.** The existence of any default which has not been cured within thirty (30) days of the notice specified above shall give the Developer, the Association, any Owner and any Adjacent Owner, in addition to all other remedies specified herein, the right to proceed at law or in equity to compel compliance with the terms of these Protective Covenants and to prevent the violation or breach of any of them. All costs, fees and expenses, including attorneys' fees, incurred by any party enforcing or attempting to enforce these Protective Covenants shall be borne by the defaulting party.

**10.04 Nature of Remedies; Waiver.** All rights, remedies and privileges granted to the Developer, Association, the Owners and the Adjacent Owners pursuant to the provisions of this Declaration shall be deemed to be cumulative, and the exercise of any one or more of them shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same, or any other party, from pursuing such other and/or additional rights, remedies, or privileges as may be available to such party at law or in equity. the failure at any point in time to enforce any covenants or restriction shall in no event be deemed a waiver of the right thereafter to enforce any such covenant or restriction. Nothing contained herein shall be deemed or construed to require the Developer or the Association to take any action or do any thing relating to the enforcement of these covenants, or the exercise of any remedy set out herein or as may be otherwise permitted by law.

**10.05 Assignment.** The Developer and the Association shall have the right to assign their respective rights to enforce these Protective Covenants. In the event of such assignment, the assignee shall have all the rights, remedies and privileges granted to its assignor under the provisions of this Article X.

**10.06 No Right of Reverter.** No covenant, condition or restriction set forth in this Declaration is intended to be, or shall be construed as, a condition subsequent or as creating the possibility of reverter.



## ARTICLE XI

### AMENDMENT OF DECLARATION

**11.01 Amendment By Developer.** The Developer reserves the right unilaterally to amend this Declaration, and to do so at such time, and upon such conditions, in such form and for such purposes as it, in its sole discretion, shall deem appropriate by preparing and recording an amendment hereto, provided, however, that this right of unilateral amendment is subject to the limitations set forth in Section 11.03 hereof and provided, further, that this right of unilateral amendment shall expire after all Lots have been sold to Owners other than the Developer, after which time this Declaration may be amended only in the manner set forth in Section 11.02 below.

**11.02 Restrictions on Amendment.** Notwithstanding the foregoing provisions of this Article XII:

(a) No amendment shall materially adversely affect the rights and priorities of any Institutional Mortgagees of record or change the provisions of this Agreement with respect to Institutional Mortgages, unless all Institutional Mortgagees of record so adversely affected shall consent thereto.

(b) No amendment to this Declaration shall make any change in the qualifications of the membership nor diminish the voting or property rights of members, without approval in writing by all Owners and the joinder of all Institutional Mortgagees.

(c) No amendment to this Declaration shall abridge, limit, amend or alter the rights, privileges, powers or options of the Developer or any Institutional Mortgagee, as the same are set forth in the Declaration, without the prior written consent of the Developer if it is so affected and any Institutional Mortgagee which is so affected.

**11.03 Scrivener's Error.** Notwithstanding the foregoing amendment provisions, any scrivener's error or omission may be corrected by the filing of an amendment to this Declaration consented to by the Board of Directors of the Association and any Owners or Institutional Mortgagees of record directly affected by the amendment. No other Owner is required to consent to any such amendment. If there appears to be any other omissions





or errors in this Declaration, scrivener's or otherwise, and such error or omission does not materially adversely affect the rights and interests of any other party, then such error or omission may be corrected by the filing of an amendment to this Declaration executed by the Board without the consent of any other party.

## ARTICLE XII

### GENERAL PROVISIONS

12.01 **Notices.** Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed by United States mail, postage prepaid, to the address of such Owner as it appears on the records of the Association at the time of such mailing. Any notice required to be sent to the Developer or the Association, as the case may be, shall be deemed to be sent when mailed by United States mail, postage prepaid, to their respective registered office in the State of Alabama.

12.02 **Severability.** Invalidation of any provision or provisions hereof by judgment or court order shall in no way affect any previous other provision, all of which shall remain in full force and effect.

12.03 **Governing Law.** Should any dispute or litigation arise between any of the parties whose rights or duties are affected or determined by this Declaration as the same may be amended from time to time, said dispute or litigation shall be governed by the laws of the State of Alabama.

12.04 **Captions.** The captions and titles of the various Articles and Sections in this Declaration are for convenience of reference only, and in no way define, limit or describe the scope or intent of this Declaration.

12.05 **Usage.** Whenever used herein the singular shall include the plural and the singular, and the use of any gender shall include all genders.

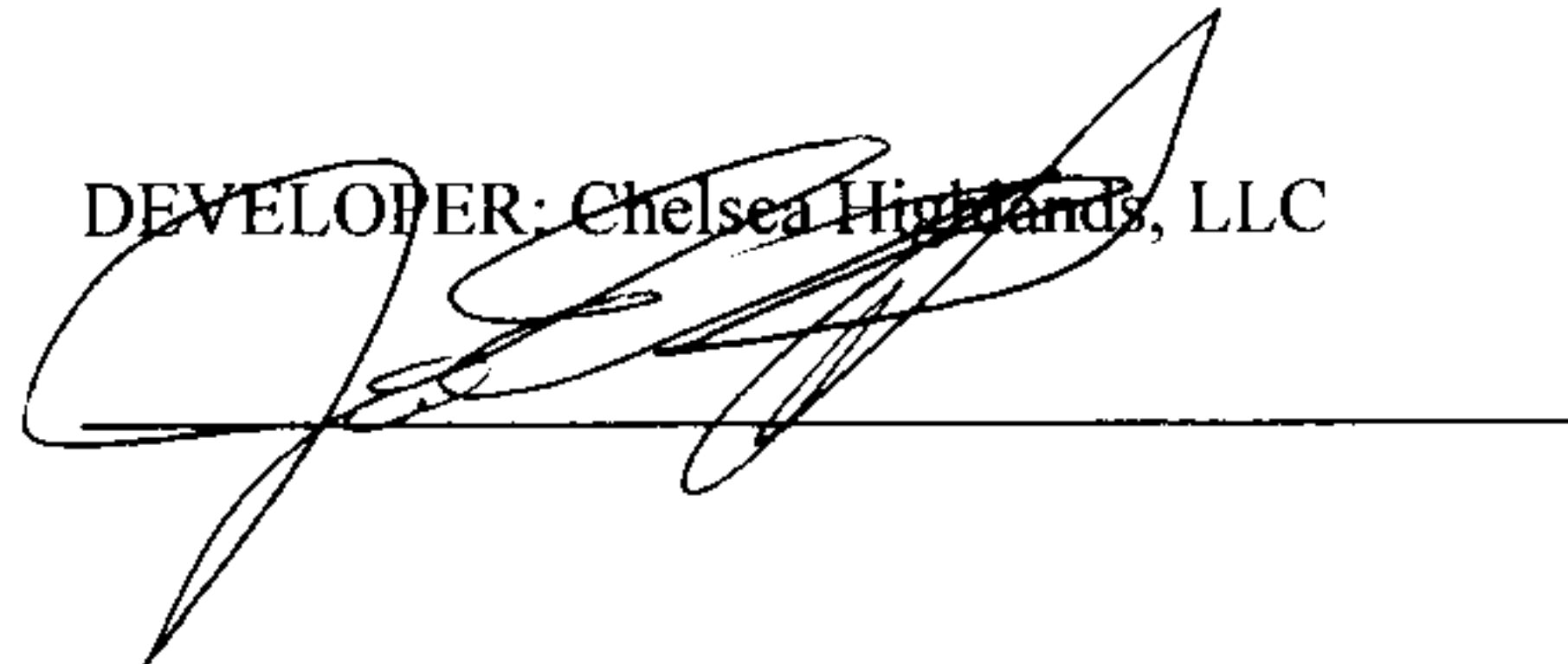
**12.06 Conflict.** If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of any provisions of this Declaration, the Articles, the By-Laws or the Rules and Regulations, then the provisions of this Declaration shall prevail.

**12.07 Effective Date.** This Declaration shall become effective when it has been recorded in the Probate Office of Shelby County, Alabama.

**12.08 Owner's Acceptance.** EACH OWNER, BY ACCEPTANCE OF A DEED OR OTHER INSTRUMENT OF CONVEYANCE FOR ANY LOT OR ANY INTEREST THEREIN, OR BY EXECUTION OF A CONTRACT FOR THE PURCHASE THEREFOR, UNCONDITIONALLY AGREES TO BE BOUND BY, AND TO COMPLY WITH EACH AND EVERY TERM, PROVISION, COVENANT AND RESTRICTION CONTAINED HEREIN.

IN WITNESS WHEREOF, the undersigned has duly executed this Declaration as of the date first above written.

DEVELOPER: Chelsea Highlands, LLC



By: Jason E. Spinks  
Its: Managing Member

AGREED TO:

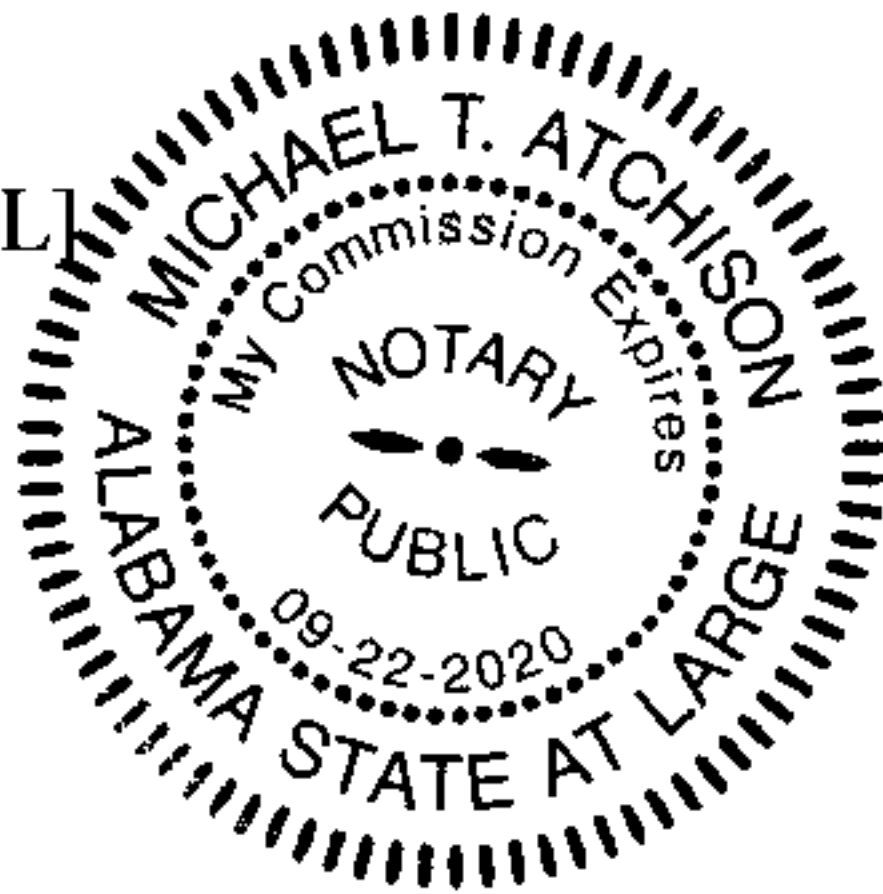
STATE OF ALABAMA )

**JEFFERSON COUNTY )**

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Jason E. Spinks, whose name as Vice President of Chelsea Highlands, LLC, an Alabama limited liability company, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such partner and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 18<sup>th</sup> day of Aug, 2017.

[NOTARIAL SEAL]



  
Notary Public

My commission expires: 9-22-20