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DECLARATION OF CONDOMINIUM

OF

PALMER COVE, A CONDOMINIUM

Dated: August 1, 2022

This Instrument Prepared By:

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DECLARATION OF CONDOMINIUM OF PALMER COVE, A CONDOMINIUM

This Declaration is made this 1st day of August, 2022, by **Clayton Properties Group Inc. dba Harris Doyle Homes ("Declarant")**, a Tennessee corporation (the "Declarant"), pursuant to the provisions of the Alabama Uniform Condominium Act of 1991, Code of Alabama (1975) Sections 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:

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property located in Shelby County, Alabama, more particularly described on Exhibit A attached hereto, which consists of certain real property approximately 13.53 acres containing different size condominium units, in accordance with the Map of Palmer Cove, a Condominium recorded under instrument number 20220712000274230 in Map Book 56, Pages 59A through 59C, in the Office of the Judge of Probate of Shelby County, Alabama, a copy of which is included in Exhibit B attached to this Declaration (the "Property" or "Condominium Property");

WHEREAS, it is the desire and intent of the Declarant, by recording this Declaration, to establish a residential Condominium (as defined in the Act) to be known as Palmer Cove, 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 Condominium Units contained therein and the Owners thereof;

NOW THEREFORE, Declarant, 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 the improvements thereon, and owned by the Declarant 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 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 property or any part thereof, and shall be for the benefit of each Owner of any portion of said property or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest to the Owners thereof.

ARTICLE I
Definitions

Section 1.01: Definitions. Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefore:

(a) "**Act**" means the Alabama Uniform Condominium Act of 1991, Code of Alabama (1975), §§ 35-8A-1, et seq., as the same may be amended from time to time.

(b) "**Association** shall mean PALMER COVE CONDOMINIUM ASSOCIATION, INC., an Alabama non-Profit Corporation organized pursuant to the Alabama Corporation Act, Code of Alabama 10-3A-1, et seq., of which all Owners shall be members and which corporation shall administer the operation, management, maintenance, control and administration of the Condominium Property.

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

(d) "**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-306 of the Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Act.

(e) "**Common Elements**" shall mean and include the following which are not described herein as a part of a Unit or Limited Common Elements:

(i) The Land;

(ii) The lobbies, hallways, mechanical equipment, garbage and storage areas designated as common, stairways and entrances and exits;

(iii) The compartments or installations of central services such as central air conditioning, ventilation, heating, power, light, electricity, fire protection, security, cold and hot water, plumbing, reservoirs, water tanks and pumps, sewer lines, flues, trash compactors, incinerators, and the like, whether now or hereafter installed, and all similar devices and installations existing for common use, but excluding all compartments or installations of utilities and services which exist for private use in the Units;

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

(v) The parking areas not assigned to a Unit;

(vi) Greens, roadways, landscaping not contained within a Unit, and central mail boxes;

(vii) The exterior courtyards and outdoor areas;

(viii) All easements, rights or appurtenances affecting or relating to the use of the Condominium Property; and

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

(f) "**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 as described in Section 5.01, if any; any valid charge against the Condominium Property as a whole, including dues and assessments of Palmer Cove Condominium Association (hereinafter the "PCCA"); 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. Even though the parking spaces are designated as Limited Common Elements, parking area maintenance shall be a Common Expense.

(g) "**Common Surplus**" shall mean the excess of all receipts of the Association including, but not limited to, assessments, rents, profits and revenues over the amount of the Common Expenses.

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

(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 Clayton Properties Group Inc. dba Harris Doyle Homes, a Tennessee corporation, its successors and assigns, other than an Owner, who shall receive by assignment from the said Declarant, all or a portion of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

(k) "**Land**" shall mean the parcel or tract of real estate described in Exhibit A to this Declaration, submitted to the provisions of the Act, and such other parcels or tracts of real estate as may be submitted to the provisions of the Act by amendment of this Declaration.

(l) "**Limited Common Elements**" shall mean and include a 5-foot perimeter surrounding the Unit 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 Areas. The Limited Common Elements shall include among any other property so designated, any designated parking spaces or storage units that may be assigned to a Unit in the future, and the chutes, flues, wires, conduit, or any other fixture serving or located within only one Unit serving more than one (1) Unit. 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 responsible for the cost thereof in the percentage amount as set forth in Exhibit D attached hereto. Limited Common Expenses shall 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. Maintenance of the parking areas shall be a Common Expense hereunder.

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

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

(p) "**Owner**" or "**Unit Owner**" shall mean and refer to every person or entity that is a record Owner of a Unit.

(q) "**Plan**" or "**Plat**" shall mean the site and Unit Plan showing the Units, the Common Elements and the Limited Common Elements of the Condominium Property attached hereto as Exhibit B, and made a part hereof for all purposes, as such Plan may from time to time be amended.

(r) "**Property**" or "**Condominium Property**" shall mean the Land and all improvements and structures erected, constructed or contained therein or thereon, including all buildings and all easements, rights and appurtenance belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Owners, submitted to the provisions of the Act under this Declaration, as amended from time to time.

(s) "**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 of the Condominium Property, provided they are not in conflict with the Act or the Condominium Documents.

(t) "**Unit**" or "**Condominium Unit**" shall mean the parts of the Condominium Property as set forth in the Plan intended for the exclusive ownership and possession by an Owner, together with the undivided interest in the Common Elements and the Limited Common Elements, if any, assigned to each Unit as herein provided. The private elements of each Unit are identified in a diagrammatic plan on which the Unit is situated as shown on the Plan and shall consist of the volumes or cubicles of space which lie between the lower, upper and lateral or parametrical boundaries described as follows:

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

1. The upper boundary shall be none;

2. The lower boundary shall be the plane located fifty (50') below the ground level of each Unit.

(ii) Parametrical Boundaries: The parametrical boundaries shall be the boundaries as reflected on the Plan.

Each Unit shall include all immediately visible fixtures, landscaping, appliances, cabinets, water and sewer pipes located within the boundaries of the Unit and serving only the Unit; and the mechanical systems and installations providing electrical power, gas, water, heating and air conditioning service to the Unit, including the individual compressor even 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.

ARTICLE II
Property Subject To This Declaration

Section 2.01: Description of Improvements and Identification of Units. The Condominium Property shall consist of Land of approximately 13.56 acres, for a total development of sixty-four (64) Units of approximately 1,200 to 2,000 square feet each with a total of sixty-four (64) Units possible.

A plat of the Land and improvements thereon and a graphic description of the improvements in which the Units are located, identifying each Unit by a number and/or letter 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 and each Unit and their relative locations and approximate dimensions are set forth in the Plan attached hereto as Exhibit B.

Section 2.02: Amendment of Condominium Plan. Declarant reserves the right to change the design and arrangement of any Unit, to alter the boundaries between Units and to increase or decrease the number of Units so long as Declarant 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 if necessary, an amendment to this Declaration. An amendment to the Plan or the Declaration reflecting an alteration of the boundaries of the Units owned by Declarant need be signed and acknowledged only by the Declarant and need not be approved by the Owners and Mortgagees, whether or not 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 Limited Common Elements or a change in the share of Common Expenses or Limited Common Expenses with respect to Owners of Units other than Declarant at the time of such change or which shall result in the alteration of boundaries of Units may not be made without an amendment of this Declaration approved by the Owners and Mortgagees in the manner elsewhere required herein. Notwithstanding anything to the contrary contained herein, proposed amendments are permitted within sixty (60) days after Mortgagee receives notice of the proposal provided the notice was delivered by certified or registered mail, with a return receipt requested.

Section 2.03: Parking Spaces. The Condominium Property is served by certain unassigned parking spaces on the property, all of which is for use by the Owners and their employees, clients, guests, invitees, lessees or licensees on a first-come, first-served basis. However, Declarant reserves the right to adopt reasonable rules governing the use of all such parking spaces on the Property, including without limitation, the right to denote by signage or other physical markings: no parking areas, fire and safety lanes, parking spaces for disabled individuals, speed limits and a reasonable number of reserved or exclusive parking spaces for Owners, employees, invitees or others associated with the Property (hereinafter referred to as the "Parking Easement").

Section 2.04: Easements and Restrictions. The Units, Common Elements and Limited 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, Common Elements and Limited Common Elements and setting forth the obligations and

responsibilities incident to ownership of each Unit and its appurtenant undivided interest in the Common Elements. Said Unit, Common Elements and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the Condominium Property. Additional easements established hereunder include the following:

(a) **Utility Easements**. Utility easements are reserved throughout the whole of the Property, including Units, as may be required for utility services (including, without limitation, water, sewer, gas, electricity, telephone, cable television, computer connections and other utility lines) in order to adequately serve the Condominium Property. Declarant reserves the right to dedicate all or a portion of Land for a utility easement to be determined by the Developer.

(b) **Utility Equipment**. There may be utility equipment which is appurtenant to the Units, but which is located on the Common Elements. An easement is hereby reserved in favor of each Unit for the purpose of placement, maintenance, repair and replacement of said utility equipment by Declarant and the Owners of the Unit; provided that no utility equipment shall be placed on any part of the Common Elements or Limited Common Elements other than the present location or such location as shown on the as-built plan unless the written approval of the Association shall have been first 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, walkways, halls, stairways, and other common areas 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 for the enjoyment of said Owners, subject to all restrictions in the Condominium Documents.

(d) **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.

(e) **Easements for Encroachments**. To the extent that any Unit, Common Element or Limited Common Element encroaches on any other private element, Common Element, or Limited Common Element, whether by reason of any deviation from the Plan in the original construction, repair, renovation, restoration or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement shall exist for the encroachment and/or the maintenance of the same, so long as the encroaching Unit, Common Element or Limited Common Element stands. This easement, however, shall not relieve an Owner of liability for his or her agent's negligence, intentional acts or willful or intentional misconduct in causing the encroachment. In the event any Unit, or adjoining Unit, or any adjoining Common Elements or Limited 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 or Limited Common Elements upon any Unit, or encroachment of any Unit upon any other Units, Common Elements or Limited 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 improvements shall stand.

(f) Easement of Support. Each Unit and the Common Elements and Limited Common Elements shall have an easement of support from every other Unit, Common Elements or Limited Common Elements which provide such support.

(g) Easement for Use of Limited Common Elements. Each Owner of the Limited Common Elements shall have an easement for the repair, maintenance and upkeep of the Limited Common Elements and for ingress and egress to and from the Limited Common Elements for so long as the Limited Common Elements exist. The aforesaid easement shall be for the benefit of each Unit Owner to which the Limited Common Element is appurtenant.

(h) 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 easement and rights appear in such instrument. The Owners do hereby designate the Declarant 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.

(i) Easements for Drainage and Irrigation. Declarant hereby creates, establishes and reserves unto Declarant for the benefit of Declarant and all Occupants, non-exclusive perpetual storm and surface water drainage and irrigation easements for the benefit of the Land in, on, under, over, above, across and through the entirety of the Land (hereinafter referred to as the "Drainage and Irrigation Easements"). The Drainage and Irrigation Easements and all rights in and to the Drainage and Irrigation Easements are declared, created, made and reserved for the purpose of providing surface and storm water drainage and irrigation for the entirety of the Land and, at Declarant's option, Declarant's adjacent property, if any, (the "Drainage and Irrigation System"). The Drainage and Irrigation System shall include all equipment, fixtures and facilities used in connection with the Drainage and Irrigation Easements (including without limitation, water detention and retention and dry detention areas, fountains to aid in the aeration of any detained or retained water, ditches, surface tiles, underground tiles, pipes and lines, pumps, pump stations, sprinklers, wells, computer systems to control irrigation and other drainage and irrigation facilities and improvements) (the "Drainage and Irrigation Equipment"). Declarant further creates, establishes and reserves unto Declarant the right to impose, restrict or otherwise modify any portion of the Drainage and Irrigation System or Drainage and Irrigation Equipment necessary to comply with the terms of the City of Trussville and any of its regulatory boards.

(j) Easement for Signs. Declarant hereby declares, creates, makes and reserves directory sign easements in favor of Declarant, each of which easements shall be in, on, under, over, above, across and through the entirety of the Land (the "Directory Sign Easements"). The Directory Sign Easements and all rights in and to the Directory Sign Easements are declared, created, made and reserved for the purposes of installing, erecting and providing signs which provide information and identify the addresses of the Unit Owners and their lessees or licensees of the Property (the "Directory Sign(s)").

(k) Easements, Restrictions and Covenants Running With the Land. Except as expressly set forth herein to the contrary, the easements, restrictions and covenants imposed on the Land pursuant to the terms and provisions hereof shall be binding upon all present and future owners, users, lessees or licensees of the Property and shall inure to the benefit of Declarant, Unit Owner, lessees or licensees and their grantees, successors and assigns. Such restrictions and covenants shall run with and bind the Land.

(l) Easement for Governmental Authorities. Declarant does hereby grant to each branch, bureau, department and agency of any and all city, county, state and federal governmental or quasi-governmental agencies, bureaus, departments, divisions or regulatory authorities having jurisdiction over any portion of the Property ("Governmental Authorities"), and their respective agents, employees and representatives, a permanent, perpetual and non-exclusive easement over, across, through and upon the Property for the purposes of performing such duties and activities related to law enforcement, fire protection, trash, garbage and refuse collection, building inspection services, mail and package delivery, medical and emergency services and any other functions or duties to be performed by the said Governmental Authorities as shall be required or appropriate from time to time.

Section 2.05: 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 the 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 Units. 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 Section 2.02 hereof or by the unanimous approval of all Owners and Mortgagees affected hereby. The percentage ownership in the Common Elements relating to each Unit is set forth on Exhibit D attached hereto and has been calculated based on the number of Units located on the Condominium Property.

Section 2.06: Rights in or to Limited Common Elements. The Limited Common Elements appurtenant to the Unit shall be as described by the Act, as shown on the Plan, and as shown on Exhibit D attached hereto. The description shall be expressed by identifying the type of Limited Common Elements which are appurtenant to the Unit, if any, and the Owners of such Units shall have the exclusive right to use such Limited Common Elements so designated or described unless changed by the Declarant as permitted in Section 2.02 hereof or by the unanimous approval of the Owners of the Units to which the Limited Common Elements are appurtenant and their respective Mortgagees. Each Owner of a Unit to which the Limited Common Element is appurtenant shall have the right to use the Limited Common Element 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 Units to which the Limited Common Elements are attached.

Section 2.07: Right to Relocate Utility Laterals and Drainage and Irrigation Equipment and Define Same. From time to time Declarant and/or the Association may, at their respective expense and without the consent of Unit Owners, relocate the Utility Laterals and the Drainage and Irrigation Equipment; provided, that such relocation does not result in any material interruption of utility service to the Property or any change in percentage ownership of an Owner and that the relocated Utility Laterals are of at least the same quality and have at least the same capacity as the Utility Laterals as originally installed.

Section 2.08: Right to Promulgate Rules. Declarant and/or the Association may, from time to time, promulgate reasonable rules and regulations concerning the use of the Property and the easements granted herein. The Directory Sign Easements shall remain within the exclusive control of Declarant. The Property, and Units thereon, shall also be subject to such rules and regulations promulgated by the PCCA,

as may exist or be adopted from time to time. A copy of all current rules and regulations by the PCCA and/or Palmer Cove Condominium Association that affect the Property and Units is attached hereto as Exhibit G.

Section 2.09: Right to Abandon or Vacate Easements and to Reconfigure the Property and Easements. Declarant shall have the right unilaterally, from time to time, to abandon or vacate, either in whole or in part, easements contained herein, and to reconfigure the size and shape of the Property and Easements for any reason, including without limitation, to accommodate enlargements or reductions in the size of the Property, or partial condemnations of portions of the Land by any lawful governmental authority.

Section 2.10: Right to Designate Environmental Conservation Easement. Declarant does hereby establish and reserve for itself, the Association, and their respective agents, employees, successors and assigns, a permanent and perpetual right and easement on, over, across and upon those portions of any Land for the purpose of (a) taking any action necessary to effect compliance with any watershed, soil erosion or environmental rules, regulations and procedures from time to time promulgated or instituted by any Governmental Authorities (as defined in 2.5 above) or otherwise set forth herein and (b) to effect the draining of storm water and water run-off into any water channels, retention ponds or lakes to be constructed thereon. Declarant does hereby establish and reserve for itself the right to donate any undeveloped portion or tract of the Land and to take the exclusive benefit of any tax advantages associated with any such action.

Section 2.11: Maintenance, Repair and Replacement Obligations; Insurance. Declarant shall maintain and repair all equipment and improvements located within the Easements, including without limitation, all roads, parking areas, sidewalks, asphalt, concrete, curbs, gutters, lighting fixtures, signage, irrigation lines, drainage swales, ponds, conduits and facilities, landscaping, Drainage and Irrigation Equipment and Utility Laterals (hereinafter the "Improvements"). Declarant shall replace, in whole or in part, the Improvements when Declarant, in its sole discretion, determines that replacement is necessary or appropriate to satisfy the obligations of Declarant to maintain and repair the Improvements. Declarant shall procure and maintain policies of public liability insurance in such commercially reasonable amounts as Declarant deems to be appropriate, which insure Declarant and the owners of the Property against liability for property damage, personal injury and loss of life occurring on, or in connection with the use of Easements. Declarant shall procure and maintain policies of casualty insurance containing, if available, a waiver of subrogation provision or endorsement with such insurance to be in such commercially reasonable amounts as Declarant deems to be appropriate and necessary to compensate Declarant for casualty damages to, and destruction of, the Improvements. Declarant may, from time to time, assign (in writing) its obligations described in this Section. Any such assignment to the Association shall release the Declarant from further obligation of such assigned duty.

ARTICLE III
Organization And Management

Section 3.01: Management of the Condominium Property. Operation and administration of the Condominium Property shall be performed by Palmer Cove Condominium Association, Inc., an Alabama non-profit corporation. The powers and duties of the Association shall include those set forth in

the Act, the Alabama Non-Profit Corporations Act, Code of Alabama 10-3A-1 et seq., this Declaration, the Articles of Incorporation and the Bylaws, as they may be amended from time to time.

Section 3.02: 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 Property, and the delivery to the Association of a certified copy of such instrument, 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 as to said Unit. All present and future Owners, tenants 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 votes 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 the number of votes for each Unit owned by him as set forth in Exhibit D attached hereto.

Section 3.03: 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.

ARTICLE IV
Assessments

Section 4.01: 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, its employees, clients, 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.

Section 4.02: Assessments.

(a) 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 as set out in Exhibit D. The assessments 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.

(b) In addition to the assessments specified in this Declaration, the Association hereby levies an initial assessment which shall be due and payable by each Owner (other than Developer) to the Association

each time the Owner conveys its Lot, which shall be a one-time fee for Five Hundred Dollars ($500.00)(the "Initial Assessment") paid at the time of the conveyance of the Lot. The Initial Assessment shall be earmarked for capital expenditures related to the Development, and such other Common Expenses as the Board of the Association, in its sole and absolute discretion, shall determine are reasonable and beneficial for the Development. Any balance remaining following completion of all capital projects within the Development will be used for operating reserves for the Common Expenses and such other recurring or projected expenses shall be deemed appropriate by the Association.

Section 4.03: Annual Budget. Within sixty (60) days prior to 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 presents 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 in accordance with the applicable provisions of the Condominium Documents and the Act. The initial projected and estimated annual operation budget for the Condominium Property is attached to the Declaration as Exhibit E.

Section 4.04: 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.

Section 4.05: Detailed Records. The Association shall keep detailed, accurate records in chronological order of all of the records, 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 or his representative at convenient hours of weekdays in the county where the Condominium is located.

Section 4.06: 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 IV. 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 subsequent to a 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 may be sold or mortgaged by the Owner thereof, which sale shall be concluded only upon compliance with the other provisions of this Declaration, the Association shall within a reasonable time thereafter furnish to the Owner, the purchaser or any proposed Mortgagee (within the time period prescribed by the Act) a statement verifying the status of the payment of any assessment which shall be due and payable to the Association by the Owner of such Unit and the other information required by the Act. In the event that a Unit is to be sold or mortgaged when any assessment is outstanding against the Owner of such Unit and such assessment due the Association is in default, the purchase or mortgage proceeds shall first be paid by purchaser or Mortgagee to the payment of any delinquent assessment or installment due the Association before the payment of the proceeds to or on behalf of the selling Unit Owner.

Section 4.07: 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 on judgments until such delinquent assessment or installment and all interest due thereon has been paid in full. The Association shall have a lien against Units for delinquent assessments. Said lien shall secure and does secure the monies due for all assessments then or thereafter levied against the 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 late penalties and reasonable attorneys' fees incurred by the Association in collecting delinquent assessments and enforcing the lien upon said Unit and its appurtenant undivided interest in the Common Elements or Limited Common Elements. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages in the State of Alabama but the Association shall give reasonable advance notice of its proposed action to the Unit Owner, the Mortgagee and all other lien holders of record of the Unit. 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 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, this Declaration of Palmer Cove Condominiums 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.

Section 4.08: **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 V
Maintenance And Operation Of The Condominium Property

Section 5.01: **The Association's Obligation to Repair**. 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:

(i) The Common Elements, which by definition excludes the areas contained within the boundaries of a Unit or Limited Common Elements;

(ii) Incidental damage caused to a Unit by any work done by the Association; and

(iii) The parking areas excluding those parking areas attributable to a Unit or which is a Limited Common Elements.

The Association shall inspect the Condominium Property at least annually for repair and maintenance requirements, and shall promptly undertake the repair and maintenance thereof.

This Section 5.01 shall not relieve a Unit Owner of liability for damage to the Common Elements, Limited Common Elements, a Unit of another person, adjacent property or any other property caused by the Unit Owner, its employees, clients, guests, invitees, lessees or licensees as a consequence of an accident or the negligence, recklessness or willful misconduct of such person. The cost of repair for any damage so caused by the Unit Owner, its employees, clients, guests, invitees, lessees or licensees, shall be a special assessment against the Unit Owner.

Section 5.02: **Each Owner's Obligation to Repair.**

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

(i) The fixtures and equipment in the Unit, including equipment 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 and exterior doors,

interior and exterior surfaces of the window frames, screening and glass; all wall coverings including paint, wallpaper and light coverings; all exterior walls; all roofs and roofing materials; all structural supports of the Unit; and all floor coverings, including carpeting, hardwood, vinyl and ceramic tile within a Unit.

(ii) The plumbing, heating, air conditioning, communication and electrical systems serving only that Unit, whether located within or without the boundary of that Unit, including the fuse boxes, wiring, flues, and all other plumbing, electrical, gas, communication systems or mechanical systems.

(iii) The landscaping and other general maintenance items within the Parametrical Boundaries of the Unit.

(iv) The driveway of each Unit.

(v) The Limited Common Elements servicing the Unit.

(b) Each Unit Owner agrees as follows:

(i) To perform all maintenance, repairs and replacements which are his obligations under subparagraph (a) of this Section 5.02;

(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 plumbing, heating, ventilation or air conditioning systems located outside his Unit but required to be maintained by him under subparagraph 5.02(a)(ii), except by licensed plumbers, electricians or heating and air conditioning professionals authorized to do such work by the Association or its delegate;

(iv) Not to make any addition or alteration to the Unit or to the Common Elements or Limited Common Elements or to do any act that would impair the structural soundness, safety or overall 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 Association and all Unit Owners affected thereby;

(v) Not to make any alteration, addition, improvement, decoration, repair, replacement or change to the Common Elements or the Limited Common Elements without the prior written consent of the Association; provided that if such consent is granted, the Unit Owner shall use only a contractor approved by the Association, who shall comply with all Rules and Regulations with respect to the work which may be adopted by the Association, and the Unit Owner shall be liable for all damages to another Unit or to the Common Elements or Limited Common Elements caused by any contractor employed by such Unit Owner or by the subcontractors or employees of such contractor, whether said damages are caused by negligence, accident or otherwise; and

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

(c) The Association shall be obligated to answer any request by a Unit Owner of any required approval of a proposed addition, alteration or improvement (by painting or otherwise) to the exterior surfaces of a Unit within forty-five (45) days after such request; but its failure to do so within the stipulated time shall not constitute a consent of the Association to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Association, without, however, it incurring any liability on the part of the Board of Directors or any of them or the Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim of injury to a person or damage to property arising therefrom. The review by the Association under this Section 5.02 shall in no way make the Association liable for any alterations, additions, or improvements by any Unit Owner. Rather, such review is for purposes of aesthetics and control only. The Board of Directors shall have the right to appoint a committee to make recommendations to the Board regarding any request for review; however, the Board is not obligated to appoint a committee and is not obligated to follow the recommendation of a Committee, so appointed. The provisions of this section shall not apply to Units owned by the Declarant until a deed for such Unit has been delivered to a purchaser other than Declarant.

Section 5.03: **Alterations, Additions and Improvements by the Association**. Except in the case of loss or damage to the Common Elements as contemplated by Article VIII of the 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, over and above any funds used from the reserve fund for that purpose) 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 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 IV hereof except as otherwise provided in this Section 5.03. 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. The terms of this section 5.03 notwithstanding, any alterations, additions and/or improvements contemplated herein will remain subject to the Board of Directors of the Association.

Section 5.04: **Utilities**. Each Unit Owner shall be required to pay all charges for utilities serving that Unit, including electricity, water, sewer, cable television, internet services and telephone service, used or consumed in his Unit. The utilities serving the Common Elements only shall be separately metered and

paid by the Association as a Common Expense. The Association shall have authority, however, with regard to any utility, to use a common meter, pay the cost of such utilities used or consumed in the Units, and have the costs thereof apportioned among the Units based upon the Common or Limited Common Expense liability, use of the utility, or any other formula the Association may deem appropriate. In the event a Unit Owner does not pay all charges for utilities serving their Unit and the Association pays for such delinquent charge on behalf of the Unit Owner, the Association shall have the authority to make a special assessment against the Unit Owner in the amount paid by the Association on behalf of the Unit Owner.

ARTICLE VI
Restrictions On Use Of Units, Common Elements And Limited Common Elements

Section 6.01: 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 shall be furnished by the Board of Directors to all Unit Owners prior to the time they become effective. All present and future Unit Owners, tenants, 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 its 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 an Owner, his employees, guest, invitees, lessees or renters, including the payment of penalties for such violations.

Section 6.02: Restrictions on Use. The use of the Condominium Property is subject to the following restrictions:

(a) Each Unit in the Condominium is hereby restricted to residential purposes or any other use permitted by this Declaration. This residential restriction does not, however, prohibit an Owner from using the Unit for personal business or professional pursuits provided that: (i) the uses are incidental to the use of the Unit as a residential dwelling; (ii) the uses conform to applicable governmental ordinances; (iii) there is no external evidence of the uses; (iv) the uses do not entail visits to the Unit by employees or the public; and (v) the uses do not interfere with Owners' use and enjoyment of neighboring Units.. The parking areas for each Unit are restricted to the parking of passenger vehicles, which may include pick-up trucks, sport utility vehicles and motorcycles, which fit within defined striping and do not encumber the neighboring parking spaces. No mobile homes, motor homes, trailers, trucks (except delivery vehicles for the limited purpose of deliveries to Declarant, the Association, Unit Owners or lessees), tractors, tools, construction machinery and equipment of any nature, boats and any other type of watercraft, including boat trailers, and any other similar types of vehicles, machinery or equipment shall be stored or allowed to remain on the Property, unless necessary for the purposes of maintenance, upkeep or construction of the improvements to the Land and/or Buildings.

(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 Association.

(c) No immoral, improper, offensive or unlawful use shall be made of any Unit, 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 its 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 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 Declarant in the selling or leasing of the Units.

(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 on the Limited Common Elements or any part of the Common Elements, without the prior written consent of the Board of Directors of the Association.

(h) The Common Elements and Limited Common Elements shall be kept clear of rubbish, debris and other unsightly materials.

Section 6.03: Right of Access. Each Unit Owner grants a right of access to its Unit to the Association and/or the PCCA, and any other person authorized by the Association and/or the PCCA for the purpose of making inspections and for the purpose of correcting any condition originating in its Unit and threatening other Units, Common Elements or Limited Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements within its 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 its Unit to the Declarant or his agent, or other authorized representative who is not Declarant'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, Limited 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.

Section 6.04: **Leasing of Units**. Unit Owner desiring to lease their Units may do so only under the following conditions:

(a) Units may be leased only in their entirety; no fraction or portion may be leased. All leases shall be in writing and there shall be no subleasing of Units or assignment of leases without prior written Board approval. All leases shall be for an initial term of not less than one (1) month and shall not be rented for transient or hotel purposes.

(b) Each Unit Owner covenants and agrees that any lease shall contain language that the lessee shall comply with all provisions of the Condominium Documents and shall control the conduct of all other occupants and guests of the leased Unit in order to ensure compliance with such provision. If the lessee or an occupant or guest of the Unit violates the Condominium Documents, all terms of the Condominium Documents may be enforced against the lessee and the Unit Owner. Unpaid fines shall constitute a lien against the Unit. Any violation of the Condominium Documents by the lessee, an occupant or a guest shall constitute a default under the lease and the lease may be immediately terminated by the Unit Owner.

(c) Each Unit Owner covenants and agrees that it shall save and hold Declarant, the Association and the Board harmless, and indemnify same, from any action, claim or contest brought by, or on behalf of, any lessee, which action, claim or contest arises from or out of a breach of the lease between lessee and the Unit Owner, or which is connected to Declarant's, the Association's or the Board's fulfillment of any of their duties, privileges, liberties or rights granted by, reserved by, or exercised in furtherance of any provision of this Declaration, or any other of the Condominium Documents.

Section 6.05: **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 out of the Common Expense funds, 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, Limited Common Elements or from any wire, pipe, drain, conduit, appliance or equipment, however, this provision does not relieve the Association from maintenance responsibility or for damage to the Units or Limited Common Elements arising from or related to water intrusion from the Common Elements on account of maintenance or lack thereof. 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. The Association does not warrant security or control of access to the Condominium. 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, Limited Common Elements or to any Unit, or from any action taken by the Association to comply with any contractual duty, 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.

Section 6.06: 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 Declarant, the Association or any Unit Owner the right, in addition to any other right or remedy elsewhere available, to 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.

Section 6.07: 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 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.

Section 6.08: Use by Declarant. 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 the contemplated improvements and sales of the Units in the Condominium. Subject to the rights of the Mortgagees hereunder, the Declarant may make such use of the unsold Units, the Limited Common Elements and the Common Elements as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office and management office, the showing of the Condominium Property and the Units therein, the display of signs thereon and therein. These Special Declarant Rights exist so long as Declarant holds any Unit in the Condominium for sale in the ordinary course of business. The Declarant expressly reserves the right to lease any Unit which it may own in the Condominium Property on such terms as it may deem proper and desirable and may transfer Units subject to such lease.

Further, the Declarant reserves the right for itself or an affiliate as an easement or a right to lease for a nominal fee space on the roof of any building to maintain through ownership or lease to a third party antenna or transmission or receiving equipment. This right survives the sale of the Units in the Condominium.

ARTICLE VII
Rights Of Mortgagees

Section 7.01: Notification of Mortgagees Required. Any Mortgagee shall have the right to be given timely written notification by the Association of (a) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage; (b) any loss to or taking of the Common Elements or Limited 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 $5,000; (d) any condemnation or casualty loss that affects either a material portion of the project or the Unit securing the Mortgagee's mortgage; (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.

Section 7.02: 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.

Section 7.03: 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, and shall be payable in regular installments rather than by special assessments. Special assessments may be levied by the Board in the event that there is insufficient money in the reserve fund for the maintenance, repair or replacement of any portion of the Common Elements or Limited Common Elements. The reserve fund shall be based on a reserve study prepared initially by the Declarant in coordination with the Architect, Engineers, Contractor and/or Management Entity. This reserve study shall be updated every five years by the Association. The Association is responsible for having this study prepared and in conjunction therewith to have appropriate repairs and capital improvements made. A working capital fund shall be established and each Unit Owner purchasing a Unit from the Declarant shall pay a one-time assessment equal to two months' assessment at the time of closing of the purchase of the Unit to be used by the Association as working capital to pay for such startup costs of the Association as the Board of Directors sees fit. The Declarant, however, is prohibited from using any portion of the Working Capital Fund to defray any of the Declarant's expenses, reserve contributions, construction costs or to make up budget shortfalls while it is in control of the Association.

Section 7.04: 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 4.07 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 4.07 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.

Notwithstanding the above, the lien created pursuant to Section 4.07 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.

(b) 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 Units, the Common Elements or any portion thereof.

(c) 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.

(d) No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any Mortgagee 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.

ARTICLE VIII
Casualty Loss And Insurance

Section 8.01: Responsibility of Owners; Separate Insurance Coverage.

(a) The Owner of each Unit shall, at the Owner's expense, obtain insurance coverage for loss of or damage to the Owner's Unit, including any Limited Common Elements associated with such Unit and any improvements, equipment, furniture, furnishings, personal effects, and other property belonging to such Owner, in a policy of property insurance, including a "walls-in" coverage policy (HO-6) in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. Notwithstanding the foregoing, the Association may establish minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Association to reduce potential risks to the Association or other Owners. If an Owner fails to maintain required insurance, the Board may obtain it on behalf of the Owner who will be obligated for the cost as an Individual Assessment. Risk of loss of or damage to any equipment, furniture, furnishings and personal property belonging to or carried on the person of the Owner, or which may be stored in any Unit, or in or upon Common Elements or Limited Common Elements, shall be borne by the Owner of each Unit. All equipment, furniture, 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. Each Owner shall be required to notify the Association of all improvements made by the Owner to its Unit, the value of which is in excess of $5,000. 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 Declarant, and their respective servants, agents, employees and guests.

(b) All Owners shall be required to file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance. In the event casualty insurance maintained by an Owner causes a decrease in the amount of the insurance coverage maintained by the Association for the benefit of all Owners on a casualty loss to the Condominium Property by reason of pro ration or otherwise, the Owner so maintaining such insurance shall be deemed to have assigned to the Association the proceeds collected on such policy for loss or damage to the Condominium Property and such proceeds shall be paid directly to the Association by the insurer. Any such insurance proceeds shall be applied and distributed by the Association in accordance with this Article VIII.

Section 8.02: 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 Common Elements of the Condominium Property 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 Common Elements of 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 Common Elements of the Condominium Property against the perils of flood under the National Flood Insurance Act of 1968 and acts amendatory thereto. The amount of insurance coverage shall be determined on a replacement cost basis in an amount not less than 100% of the then current replacement cost of the improvements which constitute the Condominium Property, including the Common Elements (but excluding Limited Common Elements and 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 or the Insurance Trustee (hereinafter defined), 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 appraisal from a qualified appraiser for the purpose of determining the full replacement cost of the Common Elements and 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 8.03 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 at all times a comprehensive policy or policies of public liability and property damage insurance in such amount (but not less than $2,000,000.00) 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 death, 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) **Workmen's Compensation Insurance**. To the extent required by applicable Alabama law and as necessary to comply with such laws, the Association shall obtain and maintain a policy or policies of workmen's compensation insurance.

(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 shall 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 Owners of all Units.

Section 8.03: Governing Provisions. All insurance obtained and maintained by the Association as provided in Section 8.02 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. To the extent that the provisions of this Declaration with respect to the maintenance of insurance shall conflict with, the hazard and casualty insurance requirements of any applicable government requirement, then such requirements shall control and such requirements shall be complied with by the Association.

(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 individual Owners or their Mortgagees.

(d) The Association shall be required to make every effort to secure insurance policies that will provide that each Unit Owner is an insured person under the policy with respect to liability arising out of its interest in the common elements or membership in the association.

(i) A waiver of subrogation by the insurer as to any claims against the Association; the Board of Directors, the Declarant or the 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) The insurance coverage will be primary, even if a Unit Owner has other insurance that covers the same loss; and

(iv) 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.

Section 8.04: Premiums and Deductibles. 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 or Limited Common Elements by an Owner shall be assessed against that Owner. Any deductible incurred by reason of a loss or claim under any insurance policy purchased under this Article VIII shall be paid by the Association, unless such loss or claim was caused by any Unit Owner, lessee or guest or invitee thereof or resulted from the use, misuse, occupancy, negligence or abandonment of a Unit or any portion thereof. In such event the Unit Owner from whose Unit the cause originated, will be responsible for the deductible under the Associations insurance policy.

Section 8.05: Insurance Trustee. The Association may engage the services of a bank or trust company authorized to do trust business in the State of Alabama and having a capital and surplus of not less than $50,000,000 to act on its behalf as an insurance trustee ("Insurance Trustee") and to receive and disburse the insurance proceeds in accordance with the provisions of this Declaration. In the event the lowest of two bids from reputable contractors for making all repairs required by any such loss shall exceed $20,000, the Association upon written demand of the Mortgagee of any Unit shall engage the services of a bank or trust company to act as Insurance Trustee as aforesaid. The Association, as a Common Expense, shall pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Whenever the Insurance Trustee may be required to make distribution of insurance proceeds to Owners of Units and their Mortgagees, as their respective interests may appear, or to any other party for repair, replacement or reconstruction of property, the Insurance Trustee may rely upon a certificate of the President and Secretary of the Association, executed under oath, which certificate will be provided to said Insurance Trustee upon request made to the Association. Such certificate is to certify unto said Insurance Trustee the name of the Owner of each Unit, the name of the Mortgagee who may hold a Mortgage encumbering each Unit, and the respective percentages of any distribution which may be required to be made to the Owner of any Unit, and his respective Mortgagee, as their respective interests may appear, or to certify the name of the party to whom payments are to be made for repair, replacement or reconstruction of all or a portion of the Condominium Property. The rights of the Mortgagee of any Unit under any standard mortgage clause endorsement to such policy shall, notwithstanding anything to the contrary therein or in any Mortgage contained, at all times be subject to the provisions hereof with respect to the application of insurance proceeds to reconstruction of the damaged Condominium Property; provided, however, that if the Association or the Insurance Trustee fails to perform all the conditions precedent required by the policy or policies of insurance, and fails to collect the amount of the loss within the time required by law, and the Mortgagee or Mortgagees are required to avail themselves of their rights under the standard mortgage clause to collect the proceeds of the policy or policies of insurance, any amount so collected through the efforts of said Mortgagee or Mortgagees shall be applied as directed by said Mortgagee or Mortgagees. No provision hereof shall entitle an Owner or any other party to any priority over a Mortgagee with respect to the distribution of any insurance proceeds with respect to such Unit.

Section 8.06: Loss to Common Elements Only. In the event of the loss of or damage to only Common Elements, real or personal, by reason of fire or other casualties, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the Association or the Insurance Trustee, as the case may be, to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such

loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such Common Elements, then such excess insurance proceeds shall be paid by the Insurance Trustee to the Owners of all Units, the distribution to be separately made to the Owner of each Unit and his respective Mortgagee, as their interests may appear, in such proportion that the share of such excess insurance proceeds paid to the Owner of each Unit and his Mortgagee shall bear the same ratio to the total excess insurance proceeds as the undivided interest in the Common Elements appurtenant to each Unit bears to the total undivided interest in the Common Elements appurtenant to all Units. If there is no insurance coverage for such loss or damage, or if it appears that the insurance proceeds covering the fire or casualty loss or damage payable to the Association or the Insurance Trustee 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 so sufficient, then the Association shall pay, or shall deposit with the Insurance Trustee, as the case may be, a sum, which together with the insurance proceeds received or to be received, if any, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be so paid, or deposited by the Association with the Insurance Trustee, may be paid by the Association out of its reserve for replacement fund and if the amount in such reserve for replacement fund is not sufficient, or if the Board of Directors determines not to use such fund for said purpose, then the Association shall levy and collect an assessment against the Owners of all Units in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

Section 8.07: **Loss to Common Elements, Limited Common Elements and/or Units**. In the event of loss of or damage to Common Elements, Limited Common Elements and/or any private element of 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 or Insurance Trustee, as the case may be, 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 Limited Common Elements and any remaining insurance proceeds shall be applied to the repair, replacement or reconstruction of the private elements of any Unit 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, the Limited Common Elements and the private elements of Units sustaining any loss or damage, then such excess insurance proceeds shall be paid and distributed by the Insurance Trustee to the Owners of all Units, and to their Mortgagees, as their respective interests may appear. Such distributions are to be made in the manner and in the proportions as are provided for the distribution of insurance proceeds under Section 8.06 above. 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 or the Insurance Trustee, as the case may be, 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 Common Elements, the Limited Common Elements and the private elements of Units sustaining any loss or damage. 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 and Limited Common Elements, but are not sufficient to repair, replace or reconstruct any loss of or damage to the private elements of Units sustaining damage, then the Association shall levy and collect an assessment from the respective Owners of the Units sustaining any loss or damage, and the assessment so collected from said Owners shall be deposited with the Insurance Trustee, so that the sum on deposit with said Insurance Trustee shall be

sufficient to completely pay for the repair, replacement or reconstruction of all Common Elements, Limited Common Elements, and private elements of Units. In said latter 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. If the fire or casualty insurance proceeds, if any, payable to the Association or the Insurance Trustee are not an amount which will pay for the complete repair, replacement or reconstruction of the Common Elements and Limited 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 and Limited Common Elements before being applied to the repair, replacement or reconstruction of any private element of a Unit sustaining loss or damage, then the cost to repair, replace, or reconstruct said Common Elements and Limited 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 Limited 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 the private elements of each Unit sustaining loss or damage shall then be levied and collected by assessment against the Owners of the private elements sustaining the loss or damage in the same manner as is above provided for the apportionment of such assessment between Owners of and private elements sustaining loss or damage.

Section 8.08: 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, as reflected on Exhibit B to this Declaration as the same may from time to time be amended, 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 the 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 and deposited with the Insurance Trustee, if any, not later than thirty (30) days from the date on which the Association or the Insurance Trustee, as the case may be, shall receive the monies payable from the policies of fire and casualty insurance.

ARTICLE IX
Condemnation

Section 9.01: Condemnation Considered a Casualty Loss. The taking of a portion of a Unit, the Common Elements or the Limited Common Elements by eminent domain shall be deemed to be a casualty loss, and except as otherwise provided in Section 9.02 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 VIII. Even though the awards may be payable to the Owners, the Owners shall deposit the awards with the Association or Insurance Trustee, as the case may be, 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 given timely written notice of any such proceeding or proposed acquisition as provided in Section 7.01, 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.

Section 9.02: 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 for 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 or Limited Common Elements, if any, 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 re-computing the shares of all Owners in the Common Elements and the Owners of all Limited 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 5.03 above.

(iii) The shares in the Common Elements and Limited 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 re-computing 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 Owners in the Common Elements after the changes affected 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 Owners in the Common Elements as they existed prior to the changes affected by the taking.

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

Section 9.03: <u>Association Appointed as Attorney-In-Fact for Unit Owners</u>. 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 X
TERMINATION

Section 10.01: <u>Destruction of the Condominium Property</u>.

(a) Notwithstanding anything to the contrary contained in this Declaration, if the Board of Directors shall determine that either of the following conditions exists;

(i) Two-thirds (2/3) or more of the Units in the Condominium Property shall have been destroyed or substantially damaged by fire or other casualty (including condemnation); or

(ii) The Condominium Property has been in existence in excess of forty (40) years and substantially all of the Units in the structure have substantially deteriorated and have been rendered substantially obsolete; then the Board of Directors may call a meeting of the members of the Association to consider and vote upon whether to restore, repair and/or rebuild the Condominium Property, and if not, whether to terminate the Declaration and remove the Condominium Property from the provisions of the Act. If the termination of the Declaration and the removal of the Condominium Property from the provisions of the Act is approved by the affirmative vote of at least eighty percent (80%) of the Owners of all Units (based upon one vote for each Unit) and by at least sixty-seven percent (67%) of all Mortgagees (based upon one vote for each Mortgage owned) after notice given as provided in Section 7.01 hereof, the Declaration and plan of condominium ownership established herein shall be subject to termination as provided in the Act and the Association shall be authorized to file on behalf of and in the name of the Unit Owners a petition for such termination and removal with the Circuit Court of Shelby County, Alabama. If less than eighty percent (80%) of the Owners of all Units and/or less than sixty-seven percent (67%) of the Mortgagees vote in favor of terminating the Condominium Property as herein required, the Condominium Property shall be restored, repaired and/or rebuilt in accordance with the provisions of Sections 8.06, 8.07 and 8.08 above.

(b) In the event that the Circuit Court of Shelby County shall grant the petition for termination of this Declaration and the plan of condominium ownership as provided in subparagraph (a) above, all of the Owners of Units shall be and become tenants in common as to ownership of the Land and any then remaining improvements thereon. The undivided interest in the Land and remaining improvements, except for Limited Common Elements, held by the Owner of each Unit shall be the same as the undivided interest in the Common Elements which were formerly appurtenant to such Unit, and the lien of any Mortgage or other encumbrance upon each Unit shall attach to the percentage of undivided interest of the Owner of a Unit in the Land and then remaining improvements as above provided. The Owners of the Limited Common Elements shall have an undivided interest in said Limited Common Elements which is the same as the undivided interest in the Limited Common Elements formerly appurtenant to the Units owned by such Owners, and the lien of any Mortgage or other encumbrance upon such Units shall attach to the undivided interest in the Limited Common Elements. Upon termination of this Declaration and the plan of condominium ownership established herein, the Owners of all Units still inhabitable shall, within sixty (60) days from the date of grant of the petition, deliver possession of their respective Units to the Association, or, if the former Units are for sale, may make arrangements for the purchase thereof from the Association at a fair market value. Upon such delivery of possession, the Owners of inhabitable Units and their respective Mortgagees, as their interests may appear, shall become entitled to participate proportionately together with all Owners of uninhabitable Units in the distribution of proceeds in the possession of the Association or the Insurance Trustee. Upon such termination of this Declaration and the plan of condominium ownership established herein, the Association or the Insurance Trustee, as the case may be, shall distribute any insurance indemnity which may be due under any policy of casualty insurance to the Owners of the Units and their Mortgagees as their respective interests may appear, such distribution to be made to the Owner of each Unit in accordance with his then undivided interest in the Land and remaining improvements as herein provided. The Land and any remaining improvements thereon shall be subject to all easements of record, except the easements created in the Condominium Documents. The assets of the Association upon termination of the plan of condominium ownership created by this Declaration shall then be distributed to the Owner of each Unit and his Mortgagee, as their respective

interests may appear, in the same manner as is above provided for the distribution of any final insurance indemnity.

Section 10.02: Termination by Consent. Except in the event of this Declaration and plan of condominium ownership established herein being terminated as provided above, this Declaration and said plan of condominium ownership may only be otherwise terminated by the consent of eighty percent (80%) of the Owners of all Units and all parties holding Mortgages, liens or other encumbrances, against any of said Units, in which event the termination of the Condominium Property shall be by such plans as may be then unanimously adopted by said Owners and parties holding any Mortgages, liens, or other encumbrances. Such election to terminate this Declaration and the plan of condominium ownership established herein shall be evidenced by a termination agreement executed in writing by all of the aforesaid parties in recordable form, and such instrument shall be recorded in the Probate Office of Shelby County, Alabama.

Section 10.03: 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 XI
Amendment

Section 11.01: Amendments by Declarant. Without limiting the rights of the Declarant to alter the plans as described in Section 2.02 above, and notwithstanding any other provision herein contained, the following provisions shall be deemed to be in full force and effect, none of which shall be construed as to relieve the Declarant from any obligations as a Unit Owner to pay assessments as to Units owned by it in accordance with the Condominium Documents.

(a) The Declarant reserves the right to amend the Bylaws of the Association until such time as Declarant relinquishes control of the Association as provided in Section 12.01 below.

(b) The Declarant reserves the right to amend this Declaration so long as there is no Unit Owner other than the Declarant.

(c) The Declarant 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 any government agency involved in the lending of any money for the purchase of such unit; 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 or Limited Common Elements, if any, attributable to each Unit Owner.

Section 11.02: Amendments by Unit Owners. At such time as there is a Unit Owner other than the Declarant, then, in addition to the amendments permitted under Section 11.01 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 and the Association shall provide prior written notice of such meeting to the Mortgagees as provided in Section 7.01 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 XI 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 Declarant or change the provisions of this Declaration with respect to the Declarant's rights hereunder without Declarant's prior written approval.

Section 11.03: 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 Probate Court of Shelby County, Alabama.

ARTICLE XII
Control Of The Association

Section 12.01: Election of Board of Directors. Declarant, its successors or assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Declarant shall fill the vacancies, until no later than the earlier of: (i) one-hundred and twenty (120) days after the date by which seventy-five percent (75%) of the Units have been conveyed to Unit purchasers or (ii) three (3) years after completion of the Condominium Property evidence by the first conveyance to a purchaser of a Unit; provided that the Declarant may, at its option, terminate its control of the Association, at an earlier date based on Declarant's written notice to the Association of any such earlier termination. Notwithstanding the foregoing, within ninety (90) days after conveyance of 25% of the Units, the Unit Owners other than Declarant shall be entitled to elect 25% of the members of the Board of Directors. Not later than ninety (90) days after conveyance of 50% of the Units to Unit Owners other than Declarant, not less than 33 and 1/3% of the members of the Board shall be elected by the Unit Owners. The Declarant shall be entitled to elect at least one member of the Board of Directors of the Association as long as the Declarant holds for sale in the ordinary course of business at least one Unit within the Condominium.

Section 12.02: Indemnification. The Association shall and does hereby indemnify, defend and agree to hold each and every officer, agent, representative and member of the Board of Directors harmless from and against any and all expenses, including court costs and reasonable attorneys' fees, suffered, paid or incurred by any of them in connection with any action, suit or other proceeding (including the settlement of any suit or proceeding approved by the Board of Directors) to which such person may be made a party

by reason of being or having been an officer, agent, representative or member of the Board of Directors. The officers, agents, representatives and members of the Board of Directors shall not be liable for any mistake in judgment, negligence or otherwise except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The officers, agents, representatives and members of the Board of Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall and does hereby indemnify, defend and agree to forever hold each such officer, agent, representative and member of the Board of Directors harmless from any and all liability to others on account of any such contract or commitment.

Section 12.03: Notice of Meeting. Within sixty (60) days before the date of termination of control of the Association by the Declarant, 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.

Section 12.04: Status of Unsold Units.

(a) Declarant shall be deemed to be the Owner of each Unit which has not been conveyed to a person other than the Declarant. Unless otherwise provided in the Condominium Documents, the Declarant 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 Declarant, 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 so long as the Mortgagee has given notice to the Association that it is a Mortgagee.

(c) Notwithstanding the provisions of Sections 4.02 and 12.04(a) above, no assessments shall be imposed by the Association against the Declarant as the Owner of unsold Units until ninety (90) days after the conveyance of the first Unit. During such period, Declarant shall be responsible for the Common Expenses and Limited Common Expenses of the Condominium Property, except that the Declarant shall be entitled to use and apply to the payment of such Common Expenses and Limited Common Expenses any and all assessments made against the Unit Owners other than Declarant and collected by the Association for Common Expenses and Limited Common Expenses, including the two months' assessment paid by each Owner as working capital. The Declarant shall be solely responsible for the maintenance, repair and operation of the private elements of the unsold Units.

Section 12.05: Professional Management and Other Contracts. Any agreement entered into by the Association prior to the passage of control of the Association from the Declarant pursuant to Section 12.01 above (including contracts for professional management of the Condominium Property, whether it be the Declarant, its successors and assigns, or any other person or entity) shall provide the following:

(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.

ARTICLE XIII
Miscellaneous

Section 13.01: **Rights and Powers of Successors and Assignees**. The rights and powers reserved to or exercisable by the Declarant under the Condominium Documents or the Act may be exercised by any successor or assignee of the Declarant (i) who acquires title from the Declarant by foreclosure or other judicial sale or deed in lieu of foreclosure, or (ii) to whom the Declarant specifically assigns such rights and powers.

Section 13.02: **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.

Section 13.03: **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.

Section 13.04: **Exhibits**. Exhibits attached to this Declaration, are an integral part of this Declaration.

Section 13.05: **Invalidity and Severability** It is the intention of the Declarant 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.

Section 13.06: **Construction**. 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. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Declaration shall be the date hereof. This Declaration shall be construed under and in accordance with the laws of the State of Alabama.

Section 13.07: **Legal Expenses.** In addition to the rights and remedies set forth in this Declaration, in the event either the Declarant, the Association, and the Board of Directors, or through their agents or representatives, undertakes any legal or equitable action which it deems necessary to abate, enjoin, remove or extinguish any violation or breach of this Declaration, then all costs and expenses incurred by either of them, including, without limitation, attorneys' fees and court costs, in enforcing any of the terms, provisions, covenants or conditions in this Declaration shall be paid for by the Unit Owner against whom such action was initiated. The Declarant, the Association, and the Board of Directors, or their agents and representatives, are each hereby authorized to take any and all legal or equitable action as

may be necessary under the circumstances to restrain or enjoin any such violation or breach or to otherwise seek monetary damages as a result of any expenses incurred by the Declarant, the Association, or the Board of Directors to cure such violation or breach.

Section 13.08: **Binding Effect**. The terms and provisions of this Declaration shall be binding upon each Unit Owner, lessees and their respective heirs, executors, administrators, personal representatives, successors and assigns of each Unit Owner and lessee and shall inure to the benefit of Declarant, all of the Unit Owners and their respective mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Section 13.09: **Conflict or Ambiguity**. In the event of any conflict or ambiguity in the terms and provisions of this Declaration, the general rules of construction against one party as a result of that party having drafted this Declaration are waived by each Unit Owner's acceptance of a deed subject to this Declaration and, to the fullest extent allowed by law, no conflicts or ambiguity shall be resolved in favor or to the advantage of one party as opposed to another in interpreting any ambiguity or conflict contained herein.

Section 13.10: **No Reverter**. No restriction or provision hereof is intended to be or shall be construed as a condition subsequent or a possibility of reverter in favor of Declarant nor shall any provision be deemed to vest any reversionary interest in Declarant.

Section 13.11: **No Trespass**. Whenever Declarant, the Association, the Board of Directors, and their agents, employees, representatives, successors and assigns, are permitted by this Declaration to enter upon or correct, repair, clean, maintain or preserve or do any other action within any portion of the Land or Property, the entering thereon and the taking of such action shall not be deemed a trespass.

Section 13.12: **No Partition**. Each Unit Owner hereby waives any right to seek or obtain judicial partition of any portion of the Property.

Section 13.13: **Standards for Review**. Whenever in this Declaration, Declarant, the Association, or the Board of Directors has the right to approve, consent to, or require any action be taken pursuant to the terms hereof, such approval, consent or required action shall, except as otherwise specifically provided herein to the contrary, be given or withheld in the sole and absolute discretion of Declarant, the Association, or the Board of Directors, as the case may be.

Section 13.14: **Oral Statements**. Oral statements or representations by Declarant, or the Association, or any of its employees, agents, representatives, successors or assigns shall not be binding on Declarant, or the Association.

Section 13.15: **Assignment**. Subject to the provisions of Section 13.05 above, Declarant and the Association shall have the right to assign any and all of the rights, powers, reservations and duties contained herein to any person or entity that shall thereupon have the same rights, power, reservations and duties as Declarant and the Association, respectively.

Section 13.16: **Further Assurances**. Each Unit Owner covenants and agrees to execute, sign and deliver, or cause to be executed, signed and delivered and to otherwise do or make, or cause to

be done and made, any and all agreements, instruments, papers, deeds, acts or things, supplemental, conformity or otherwise, which may be reasonably requested by Declarant or the Association for the purpose of or in connection with clarifying, amending or otherwise consummating any of the transactions and matters herein.

Section 13.17: **No Waiver**. All rights, remedies and privileges granted to Declarant and the Association pursuant to the terms and provisions of this Declaration shall be deemed to be cumulative and the exercise of any one or more of such rights, remedies or privileges shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising same, or any other party, from pursuing such other and/or additional rights, remedies or privileges as may be available at law or in equity. The failure at any time to enforce any covenant or restriction set forth herein shall in no event be deemed a waiver of the right thereafter to enforce such covenant or restriction.

Section 13.18: **Rights of Third Parties**. This Declaration shall be recorded for the benefit of the Declarant, the Association, the Unit Owners and their respective Mortgagees and by such recording, no other adjoining property owner or third party shall have any right, title or interest whatsoever in the Land/Property or its operation and continuation, in the enforcement of any of the provisions of this Declaration or the right to consent to or approve any amendment or modification to this Declaration.

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

Declarant:

Clayton Properties Group Inc. dba Harris Doyle Homes

By: _____
J. Brooks Harris, Member

By: _____
Russell G. Doyle, Member

EXHIBIT A – Legal Description of Property

A parcel of land being situated in the SE 1/4 of the NE 1/4 and the NE 1/4 of the SE 1/4 of Section 29, Township 18 South, Range 1 West, Shelby County, Alabama, being more particularly described as follows:

Commence at a 1-1/2" open pipe at the SE corner of the SE 1/4 of the NE 1/4 of Section 29, Township 18 South, Range 1 West, Shelby County, Alabama, said point also being the NE corner of Lot 22 of the PARC AT GREYSTONE as recorded in **Map Book 32 Page 42** in the Office of the Judge of Probate in Shelby County, Alabama; thence run **west** along the south line 1/4-1/4 section and along the north line of Lot 22 a distance of **140.00 feet** to the NW corner of Lot 22; thence turn an angle left **90°01'06"** and run south along the west lines of Lot 22 and Lot 21 a distance of **229.49 feet** to the SW corner of Lot 21 and a point on the northeast line of Parcel 7 of 1ST REVISION OF THE AMENDED MAP OF LEE BRANCH CORPORATE CENTER as recorded in **Map Book 28 Page 58**; thence turn an angle right **110°58'42"** and run northwesterly along the southwesterly line of Common area C and Easement of THE PARC AT GREYSTONE and the northeast line of Parcel 7 and Common Area of 1ST REVISION OF THE AMENDED MAP OF LEE BRANCH CORPORATE CENTER a distance of **370.81 feet** to the **Point of Beginning**, said point lying in Lee Branch; thence **continue** along last described course and leaving The Parc at Greystone a distance of **65.56 feet** to a 5/8" rebar; thence turn an angle of **right 1°49'13"** and run northwest along the northeast line of 1st Revision of the AMENDED MAP OF LEE BRANCH CORPORATE CENTER a distance of **822.75 feet** to 1/2" rebar capped GSA at the NW corner of Parcel 1A and on the southeast right-of-way of Alabama Highway 119 (Cahaba Valley Road); thence turn right **90°39'18"** and run northeast along said right-of-way a distance of **679.71** feet to a 1/2" rebar; thence turn right **87°07'48"** leaving said right-of-way and run southeast a distance of **700.09 feet** to a 1-1/2" open pipe; thence turn right **66°39'00"** and run south a distance of **623.63 feet** to a 1/2" rebar capped SSI on the north line of Common Area C and Easement of The PARC AT GREYSTONE; thence turn right **92°47'05"** and run west along the north line of Common Area C and Easement a distance of **101.75 feet** to a point in Lee Branch; thence turn left **70°21'39"** and run southwest along the west line of Common Area C and Easement a distance of **102.82 feet** to the **Point of Beginning.** Situated in Shelby County, Alabama.

THIS PROPERTY DESCRIBED HEREON IS THE SAME AS THE PROPERTY INSURED IN COMMONWEALTH LAND TITLE INSURANCE COMPANY, FILE NO. 221782 WITH AN EFFECTIVE DATE OF JANUARY 3, 2019 @ 8:00 A.M.

EXHIBIT B – The Plan

See Attached Plat Map

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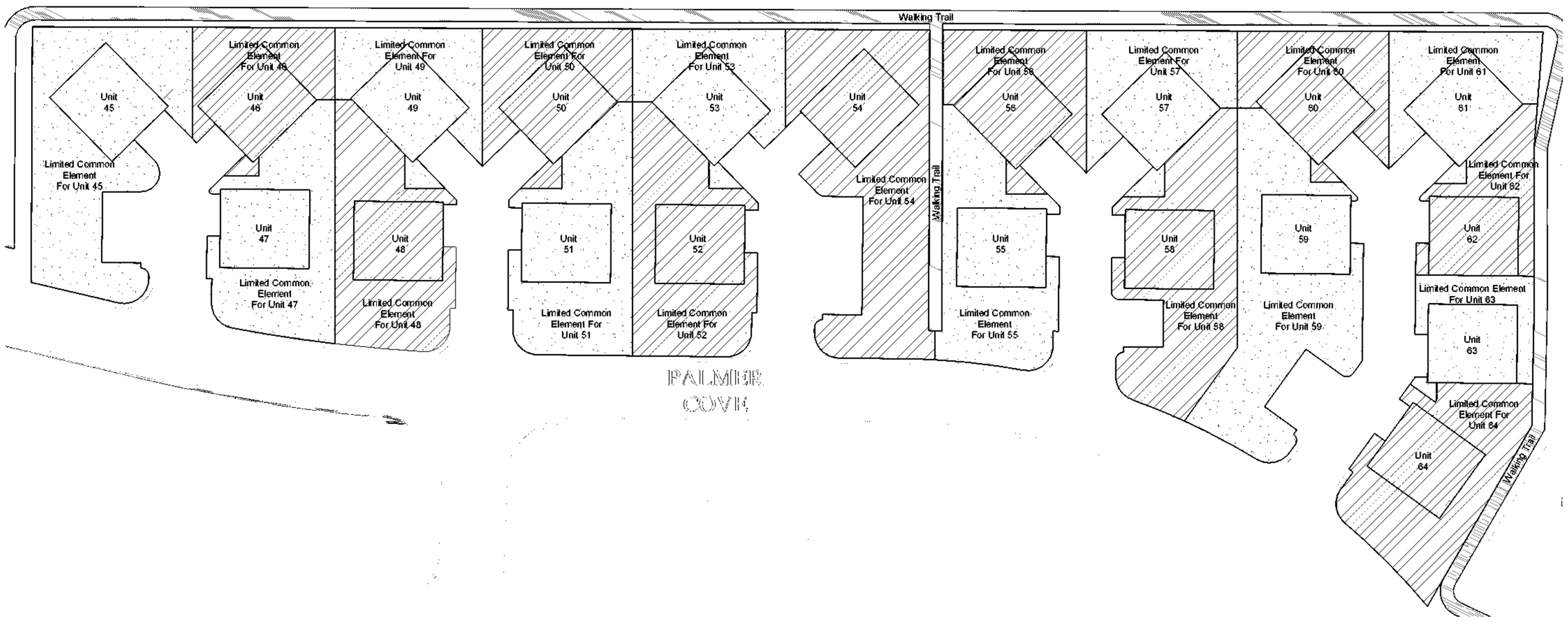

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A2.00

Exhibit A

1" = 40'-0"

4' - 0" 16' - 0"

0' 8' - 0" 24' - 0"

Plan Information

Plan Name:

Community:

Lot Number:
Lot #

Client Name:
N/A

Template Version:
6/23/2015

PDF Creation Date
6/29/2022 4:59:34 PM

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Birmingham, AL 35243

Revisions

Date	Description
--	Design Review
--	Permit Set
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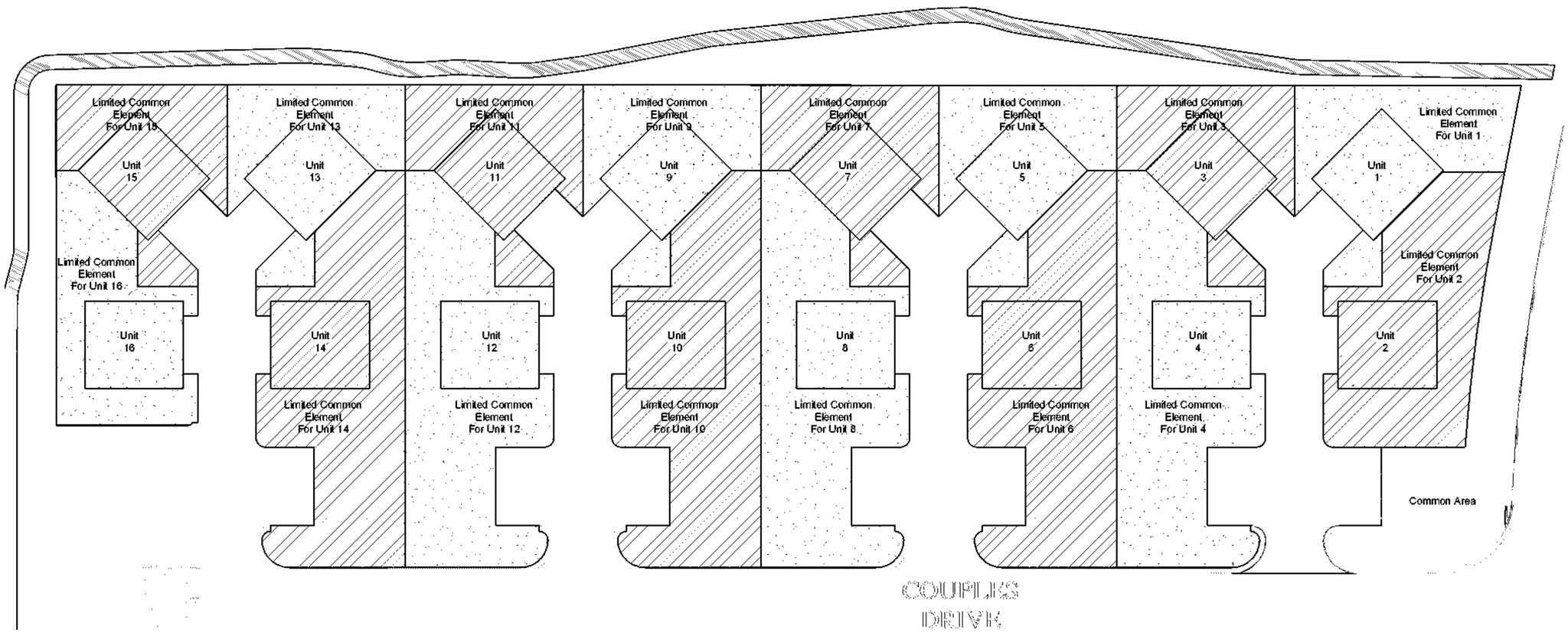
Sheet Information

A2.00
Exhibit A



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A2.01

Exhibit B

1" = 40'-0"

20' - 0" 80' - 0"

0' 40' - 0" 120' - 0"

Plan Information

Plan Name:

Community:

Lot Number:
Lot #

Client Name:
N/A

Template Version:
6/23/2015

PDF Creation Date
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Revisions

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--	Design Review
--	Permit Set
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Sheet Information

A2.01
Exhibit B

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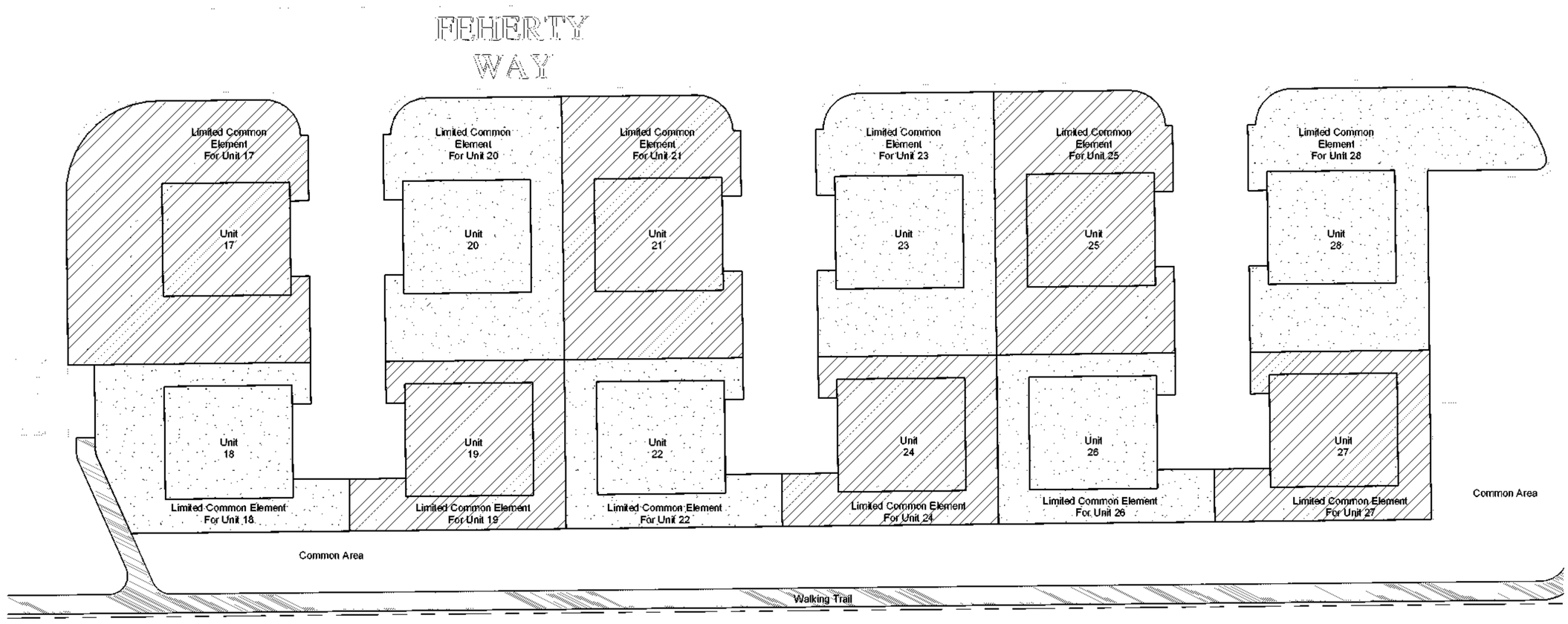

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A2.02

Exhibit C

1" = 30'-0"

15' - 0" 60' - 0"

0' 30' - 0" 90' - 0"

Plan Information

Plan Name:

Community:

Lot Number:
Lot #

Client Name:
N/A

Template Version:
6/23/2015

PDF Creation Date
6/29/2022 4:59:36 PM

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Revisions

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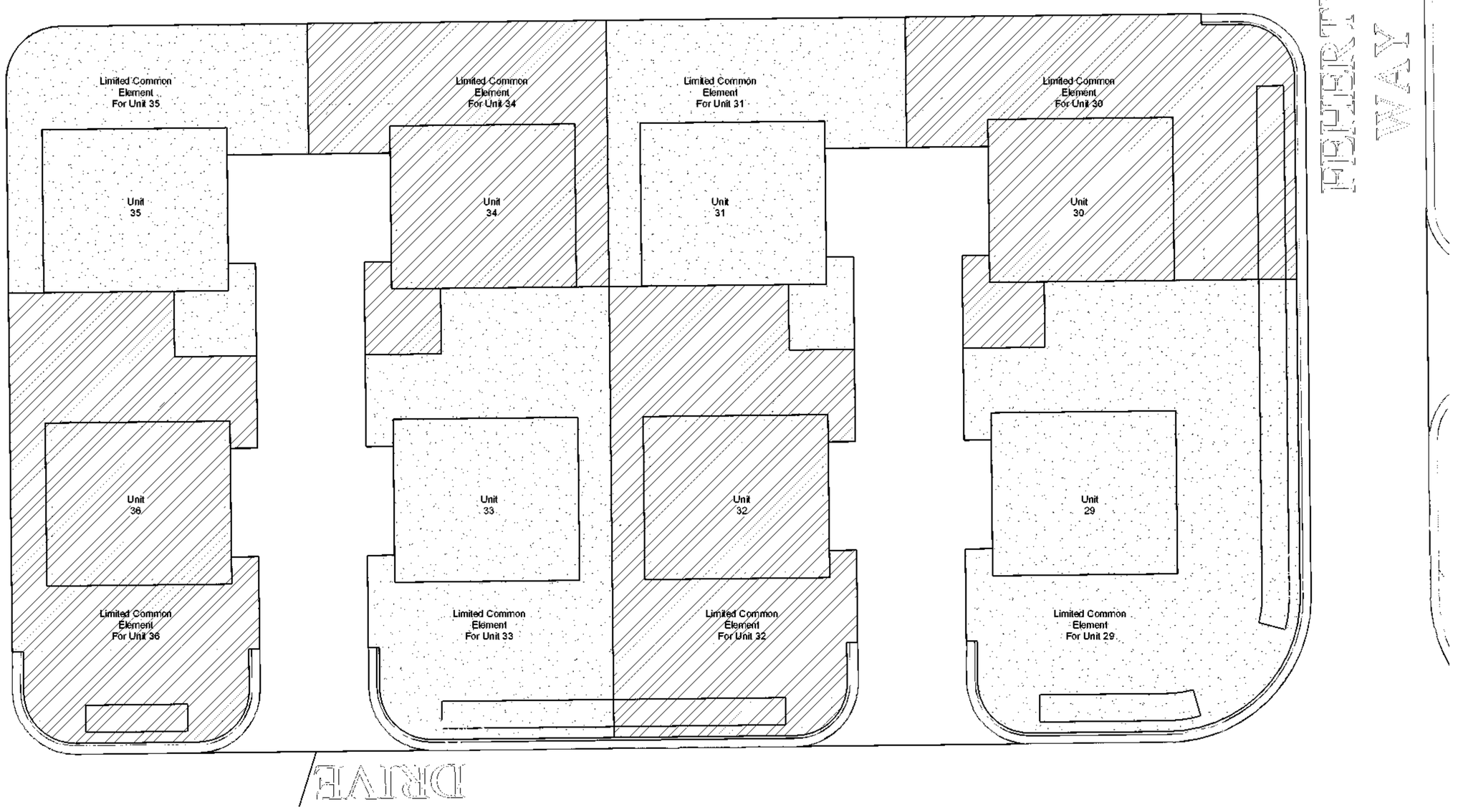
Sheet Information

A2.02
Exhibit C



1 A2.03

Exhibit D

1" = 20'-0"

10' - 0" 40' - 0"

0' 20' - 0" 60' - 0"

Plan Information

Plan Name:

Community:

Lot Number:
Lot #

Client Name:
N/A

Template Version:
6/23/2015

PDF Creation Date
6/29/2022 4:59:37 PM

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Revisions

Date	Description
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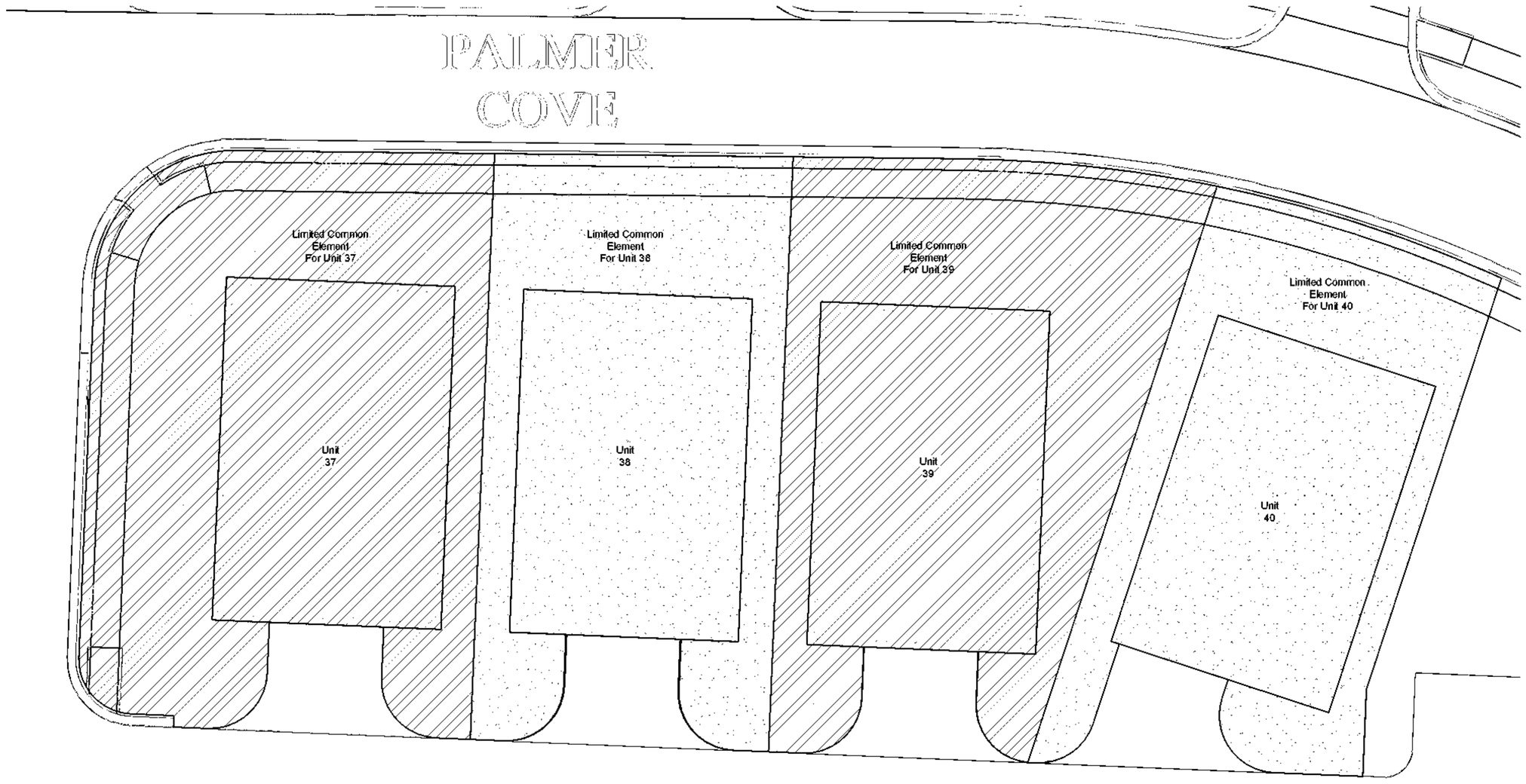
Sheet Information

A2.03
Exhibit D



1 A2.04

Exhibit E

1" = 20'-0"

4' - 0" 16' - 0"

0' 8' - 0" 24' - 0"

Plan Information

Plan Name:

Community:

Lot Number:
Lot #

Client Name:
N/A

Template Version:
6/23/2015

PDF Creation Date
6/29/2022 4:59:38 PM

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Revisions

Date	Description
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Sheet Information

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Exhibit E

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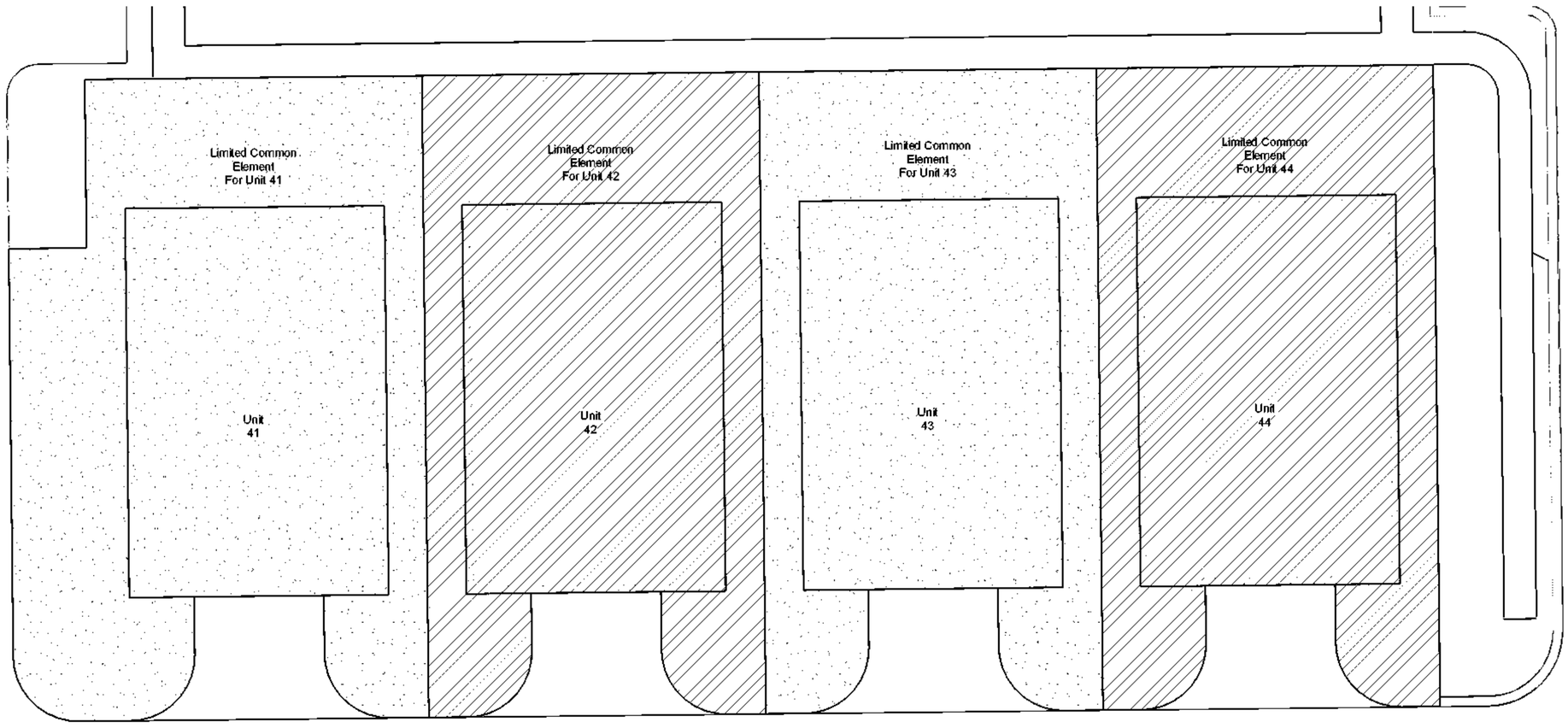

Exhibit F

1 A2.05 1" = 20'-0"

4' - 0" 16' - 0"

0' 8' - 0" 24' - 0"

Plan Information

Plan Name:

Community:

Lot Number:
Lot #

Client Name:
N/A

Template Version:
6/23/2015

PDF Creation Date
6/29/2022 4:59:39 PM

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Revisions

Date	Description
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Sheet Information

A2.05
Exhibit F

EXHIBIT C – Bylaws of Association

BYLAWS

OF

PALMER COVE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I
The Association

Section 1: **Identity**. These are the Bylaws of **Palmer Cove Condominium Association, Inc.**, a nonprofit corporation (the "Association"), which was formed under the Alabama Corporation Act, Code of Alabama 10A-3-1-01 *et seq.*, by filing the Certificate of Formation of the Association (the "Certificate") with the Judge of Probate of Shelby County, Alabama on _____. The Association has been organized for the purpose of providing for the operation, management, maintenance, control and administration of Palmer Cove (the "Condominium"), pursuant to the provisions of the Alabama Uniform Condominium Act of 1991, Code of Alabama § 35-8A-101, *et seq.*, and the Declaration of Condominium of Palmer Cove Condominium (the "Declaration") as filed with the Office of the Judge of Probate of Shelby County, Alabama, in accordance with the provisions of said Act.

Section 2: **Principal Office**. The principal office of the Association in the State of Alabama shall be located at _____, County of Shelby. The Association may have such other offices, either within or without the State of Alabama, as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 3: **Registered Office**. The registered office of the Association, required by the Alabama Corporation Act to be maintained in the State of Alabama, may be, but need not be identical with the principal office in the State of Alabama, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 4: **General Powers and Duties.** The Association, acting through the Board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of Palmer Cove as may be required or permitted by the Declaration and applicable state law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Declaration or applicable law.

ARTICLE II
Membership

Section 1: **Annual Meeting.** The annual meeting of the Membership shall be held in the last quarter each year on a date designated by the Board of Directors, or at such other time as shall be fixed by the Board of Directors, for the purpose of electing directors, if the period of Declarant control has ended, and for the transaction of such other business as ma come before the meeting.

Section 2: **Special Meetings.** Special meetings of the Membership, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by a majority of the Board of Directors and shall be called by the President or Secretary at the request of holders of not less than fifty percent (50%) of all the outstanding votes of the Membership.

Section 3: **Place of Meeting.** The Board of Directors may designate any place within Shelby County, Alabama, as the place of meeting for any annual meeting or for any special meeting of the Membership. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Association in the State of Alabama.

Section 4: **Notice of Meeting.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or 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, shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) 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 entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the Association, with postage thereon prepaid.

Section 5: **Fixing of Record Date.** The Board of Directors may fix in advance a date as the record date for the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or for any other proper purpose, such date in any case to be not more than thirty (30) days and, in case of the meeting of the Membership, not less than ten (10) days prior to the date on which the particular action, requiring such determination of members, is to be taken. If no record date is fixed for the determination of members entitled to notice of or vote at a meeting of the Membership, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of the Membership has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 6: **Voting Lists.** The officer or agent having charge of the records of members of the Association shall make, at least ten (10) days before each meeting of the Membership a complete list of the members entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of each member and the number of votes to which he is entitled, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any member making written request therefore at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 7: **Quorum.** The presence at any meeting of the Membership of the members entitled to cast thirty percent (30%) of the votes in the Association, represented in person or by proxy, shall constitute a quorum at a meeting of the members. If a quorum is not present at any meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. Upon reconvening such adjourned meeting, at which a quorum shall be present or represented, any

business may be transacted which might have been transacted at the meeting as originally notified. The members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 8: **Majority Vote.** The vote of members entitled to cast majority of the votes represented at a meeting of the Membership at which a quorum is present shall be the act of the members of the Association, unless the vote of a greater number is required by law, the Declaration, the Certificate or these Bylaws.

Section 9: **Proxies.** At all meetings of the Membership, a member may vote in person or by proxy executed in writing by the member or by his or her duly authorized attorney in fact. A proxy is void if it is not dated or purports to be revocable without notice. 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 one year from the date of its execution.

Section 10: **Voting Rights.** If only one of the multiple Owners of a Unit is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners is present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is a majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

Section 11: **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 1: **General Powers.** The business and affairs of the Association shall be managed by or under the direction of its Board of Directors.

Section 2: **Number, Tenure, Election and Qualifications.** The number of the directors of the Association shall consist of not less than three (3) nor more than five (5) directors with the exact number to be fixed from time to time by the members holding a majority of the votes of the Association. The initial Board of Directors shall consist of three (3) directors with one director elected for a three (3) year term, one director elected for a two (2) year term, and one director elected for a one (1) year term. If a Unit is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity Member is eligible to serve as a director and is deemed to be a Member for the purposes of this Section. If the relationship between the entity Member and the director representing it terminates, that directorship will be deemed vacant and the director shall be replaced as provided for within these Bylaws. No person may be elected or appointed as a director if any assessment or fine against the person or the person's Unit is delinquent at the time of election or appointment, provided the person has been given notice of the delinquency and a reasonable opportunity to cure the delinquency. No person

may be elected or appointed as a director if the person is a party adverse to the Association or the Board in pending litigation to which the Association or the Board is a party.

Section 3: Election of Directors.

(a) Election of directors shall be held at the annual meeting of the Membership. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. The owner of each whole Unit shall be entitled to cast his votes for each of as many nominees as there are vacancies to be filled at the time of the election. There shall be no cumulative voting.

(b) Notwithstanding the provisions of subparagraph (a) above, the Declarant (as identified in the Declaration), its successors and assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Declarant shall fill vacancies, until no later than the earlier of either (a) sixty (60) days after 75% of the total number of Units have been conveyed to purchasers of Units, (b) two (2) years after Declarant or his successor or assigns as a Declarant, has ceased to offer Units for sale in the ordinary course of business; or (c) two (2) years after any development right to add new Units was last exercised; provided that the Declarant may, at its option, terminate its control of the Association, at an earlier date based on Declarant's written notice to the Association of any such earlier termination. Notwithstanding the foregoing, within ninety (90) days after conveyance of 25% of the Units, the Unit Owners other than Declarant shall be entitled to elect 25% of the members of the Board of Directors. Not later than ninety (90) days after conveyance of 50% of the Units to Unit Owners other than Declarant, not less than 33 and 1/3% of the members of the Board shall be elected by the Unit Owners. The Declarant shall be entitled to elect at least one member of the Board of Directors of the Association as long as the Declarant holds for sale in the ordinary course of business at least one Unit within the Condominium. Within sixty (60) days before the date of termination of control of the Association by the Declarant, the Board of Directors shall call and give not less than ten (10), nor more than thirty (30) days' notice of a special meeting of the Membership for the purpose of electing the members of the Board of Directors.

Section 4: Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the Membership, provided, however, any such regular meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all directors. The Board of Directors may provide, by resolution, the time and place, within Shelby County, Alabama, for the holding of additional regular meetings without other notice than such resolution.

Section 5: Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 6: Notice. Notice of any special meeting shall be given at least three (3) days previous thereto by written notice delivered personally or by mail, to each director at his 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 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

the 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 such meeting.

Section 7: **Quorum.** A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. If a quorum is present when the meeting is convened, the directors present may continue to do business, taking action by a vote of the majority of a quorum, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum present, or the refusal of any director present to vote.

Section 8: **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 of Directors.

Section 9: **Action Without a Meeting.** Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all the directors.

Section 10: **Vacancies.** Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by a majority of the remaining directors. A director elected or appointed, as the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.

Section 11: **Compensation.** By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a director, or both. No such payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefore. Any resolution authorizing payment of compensation to the Board of Directors shall not take effect until after the next election of the Board of Directors.

Section 12: **Committees.** The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of two or more directors and which to the extent provided in said resolution or resolutions or in the Bylaws of the Association, shall have and may exercise all of the powers of the Board of Directors in the management of the activities and affairs of the Association and may have power to authorize the seal of the Association to be affixed to all papers which may require it; except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee or any director or officer of the Association; amending the Certificate, restating the Certificate, adopting a plan of merger or adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage all or substantially all of the property and assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefore; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any action or resolution of the Board of Directors which by its terms provide that it shall not be amended, altered or repealed by such committee. The designation

of such committee or committees or the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed upon it or him by law.

Section 13: **Resignations.** Any director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board of Directors or by giving written notice thereof to the Secretary of the Association. Such resignation shall take effect at the time specified therefore, and the acceptance of such resignation shall not be necessary to make it effective.

Section 14: **Place of Meeting.** The Board of Directors may designate any place within Shelby County, Alabama as the place of meeting for any regular or special meeting of the Board of Directors.

Section 15: **Presumption of Assent.** A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 16: **Form of Meeting.** Any regular or special meeting of the Board of Directors may be held in person or by teleconference, or any combination thereof, provided all other requirements of this Article III are otherwise complied with.

Section 17: **Manager.** The Board of Directors may employ a manager or management company for the Association, at a compensation established by the Board, to perform duties and services authorized by the Board.

Section 18: **Rules.** The Declarant has adopted initial rules and regulations for: (i) the administration of the Association and the Condominium; (ii) the maintenance, management, operation, use, conservation, and beautification of the Property; and (iii) the health, comfort, and general welfare of the Members; provided, however, that such rules may not be in conflict with law or the Declaration. The Board of Directors will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the Members. The Board of Directors has the right to amend, from time to time, the rules and regulations; provided, however, that until the expiration or termination of Declarant control, all amendments to the rules and regulations must be approved in advance and in writing by Declarant. Any rule may be adopted, amended, or terminated by the Board of Directors, provided that the rule and the requisite Board of Directors (and Declarant, if applicable) approval are properly recorded as a resolution in the minutes of the meeting of the Board. On request from any Member, the Board will provide a current and complete copy of rules. Additionally, the Board will, from time to time, distribute copies of the current and complete rules to Owners and, if the Board so chooses, to non-Member Residents.

ARTICLE IV
Officers

Section 1: Number. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. The failure of the Board of Directors to elect any officers other than a President and a Secretary shall not constitute a violation of these Bylaws.

Section 2: Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Membership. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall have resigned, or shall have been removed in the manner hereinafter provided.

Section 3: Removal. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, by the affirmative vote of the Board of Directors, whenever in their judgment the best interests of the Association will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create any contract rights in favor of such officer.

Section 4: Vacancies. A vacancy in any office elected or appointed by the Board of Directors because of death, resignation, removal, and disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5: President. The President shall be the chief executive officer of the Association and, subject to the control all of the business and affairs of the Association. The President shall preside at all meetings of the Membership. He may sign, with the Secretary or Assistant Secretary, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6: Vice President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as may from time to time be assigned to him by the President or by the Board of Directors.

Section 7: Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the

Association, under its seal, is duly authorized; (d) keep a register of the mailing address of each member which shall be furnished to the Secretary by such member; (e) have general charge of the transfer books of the members of the Association; and, (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8: **Treasurer.** The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article V of these Bylaws; and (c) in general perform all duties as from time to time may be assigned to him by the President or by the Board of Directors. The Treasurer shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The cost of the bonds shall be a common expense.

Section 9: **Assistant Secretaries and Assistant Treasurers.** The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The cost of the bonds shall be a common expense.

ARTICLE V
Contracts, Loans, Checks and Deposits

Section 1: **Contracts.** The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2: **Loans.** No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3: **Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4: **Deposits.** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI
Books and Records

Section 1: **Accounting.** The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the members, Board of Directors and committees thereof and shall keep at its registered or principal office in Alabama a record of the names and addresses of members entitled to vote, directors and officers. The accounting records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Association shall be open to inspection by the members or their authorized representatives for any proper purpose at any reasonable time. Such records shall include:

(a) **Association Accounts.** The receipts and expenditures of the Association shall be credited and charged to the appropriate account as set forth below:

(1) **Current Expenses.** All funds to be expended during the year for the maintenance of the Common Elements and Limited Common Elements (as defined in the Declaration) and the operation and working capital of the Association shall be held in the Current Expense Account. Any balance in this fund at the end of the year may be used to pay Common Expenses and Limited Common Expenses incurred in any successive year or may be place in the Reserve Fund Account.

(2) **Reserve Funds.** All funds to be expended for replacement, acquisition and repair of capital improvements which are part of Common Elements and Limited Common Elements shall be held in the Reserve Fund Account.

(3) **Unit Accounts.** An account for each Unit shall be maintained setting forth the name and address of the Unit Owner, the interest percentage in the Common Elements and Limited Common Elements, if any, assigned to that Unit, the amount of each assessment made against that Unit, the dates and amounts in which the assessments become due, the amounts paid on the account and the balance due.

Section 2: **Budget**. Not less than thirty (30) days prior to the Annual Meeting, the Board of Directors shall adopt a proposed budget for each calendar year that shall include the estimated funds required to provide for the Common Expenses and Limited Common Expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices. Not less than (10) days prior to the Annual Meeting, copies of the budget and proposed assessments shall be transmitted to each member of the Association. At the Annual Meeting the Unit Owners shall consider ratification of the budget. Unless at the Annual Meeting a majority of all Unit Owners present in person or by proxy reject the budget, the budget shall be ratified. 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.

Section 3: **Assessments**. Assessments against the members for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 31, preceding the year for which the assessments are made. Such assessments shall be due as determined by the Board of Directors of the Association. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors.

Section 4: **Assessments for Emergencies**. Assessments for Common Expenses for emergencies that cannot be paid from the annual assessments for Common Expenses shall be made only after notice of the need for such is given to the members concerned, and it shall be due thirty (30) days

after such notice in such manner as the Board of Directors of the Association may require in the notice of assessment.

ARTICLE VI
Waiver of Notice

Whenever any notice is required to be given to any member or director of the Association under the provisions of these Bylaws, the Certificate of Formation, the Declaration, the provisions of the Alabama Corporation Act, and any act amendatory thereof, supplemental thereto or substituted therefore, the provisions of the Alabama Uniform Condominium Act of 1991, and any act amendatory thereof, supplemental thereto or substituted therefore, or the Alabama Constitution, 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 deemed equivalent to the giving of such notice.

ARTICLE VIII
Fiscal Year

The fiscal year of the Association shall be the calendar year beginning January 1 and ending December 31 of each year.

ARTICLE IX
Indemnification

Section 1: The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he 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, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was lawful.

Section 2: The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he 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, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably

believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections (1) and (2), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification under Sections (1) and (2) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon determination that indemnification of the director, officers, employee or agent is proper in the circumstance because he has met the applicable standard of conduct set forth in Sections (1) and (2). Such determination shall be made: (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (iii) by the membership.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled to under any bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE X
Amendment

Section 1: **Amendment to Bylaw**. These Bylaws may be amended, altered, or repealed in the following manner:

(a) By the Declarant until such time as Declarant relinquishes its control of the Association; or

(b) By the members at any regular or special meeting upon the affirmative vote of the holders of not less than two-thirds (2/3's) of the outstanding votes by the Association.

Section 2: Recordation. 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 Office of the Judge of Probate of Shelby County, Alabama.

ADOPTED by the directors on this 20th day of July, 2022.

President

EXHIBIT D – Percentage of Ownership

Number of Units: 64
Percentage share of the Condominium Property: 1.5625%

EXHBIT E – Budget

See Attached

2023 Annual Budget

Palmer Cove

INCOME		
Annual Assessments		
Association Fee Per Lot	$	80.00
Number of Owners		64
Total Income Annual Assessments	**$**	**61,440.00**
Other Income	$	2,500.00
Total Association Income	**$**	**63,940.00**
EXPENSES		
Administrative Expenses		
Compliance Coordinator	$	495.00
Insurance	$	3,000.00
Management Fee	$	5,000.00
Mileage Expense	$	143.00
Office Expenses	$	250.00
Postage & Mailing Expense	$	250.00
Storage	$	120.00
Legal and Accounting	$	250.00
Taxes and Licenses	$	2,500.00
Other Professional Services	$	420.00
Total Administrative Expenses	**$**	**12,428.00**
Landscaping Expense		
Landscaping Maintenance	$	5,000.00
Landscape Contract	$	15,000.00
Irrigation Repairs	$	500.00
Pine straw/Flowers/Mulch	$	10,000.00
Total Landscaping Expense	**$**	**30,500.00**
Maintenance and Repairs		
Maintenance and Repairs	$	252.00
Contracted Services		
Utilities		
Electricity	$	5,000.00
Water and/or Sewer	$	10,000.00
Total Utilities	**$**	**15,000.00**
Total Operating Expenses	**$**	**58,180.00**
Transfer to/from Reserves	$	5,760.00
Net Operating Income (Loss)	**$**	**-**
Reserve Fund		
Reserve Income		
Reserve Transfer Income	$	5,760.00
Total Reserve Income	**$**	**5,760.00**
Reserve Expense		
Net Income Reserve Fund	**$**	**5,760.00**
Net Income (Loss)	**$**	**5,760.00**

EXHIBIT F – Current Rules and Regulations for Palmer Cove, a Condominium

INITIAL RULES & REGULATIONS

These Initial Rules & Regulations are established by Clayton Properties Group Inc. dba Harris Doyle Homes, an Tennessee corporation, for the benefit of the Palmer Cove Condominium Association, Inc., an Alabama non-profit corporation (the **"Association").** These Community Rules are the "Rules and Regulations" defined in Article 1 of the Declaration of Condominium for Palmer Cove Condominiums, recorded or to be recorded in the Official Public Records of Shelby County, Alabama (the **"Declaration").**

These Rules are in addition to the provisions of the Declaration and Bylaws. By owning or occupying a Unit, each Owner and Resident agrees to abide by these Rules and to comply with the obligations of Owners and Residents under the Declaration and Bylaws of the Association.

Words and phrases defined in the Declaration have the same meaning when used in these Rules. In the event of a conflict between Documents, the hierarchy of authority is as follows: Declaration (highest), Bylaws, and these Rules (lowest). The Association's board of directors is empowered to interpret, enforce, amend, and repeal these Rules.

A. COMPLIANCE

A-1. Compliance. Each Owner will comply with the provisions of these Rules, the other Documents, and policies adopted by the Board to supplement these Rules, as any of these may be revised from time to time. Each Owner, additionally, is responsible for compliance with the Documents by the Residents of his Unit, and his or their respective relatives, invitees, tenants, agents, employees, or contractors. If a Rule requires or prohibits conduct by an "Owner" or "Resident," each of those terms are deemed to include the other, and applies to all persons for whom an Owner or Resident is responsible. Any question regarding these rules should be referred to the Association. The Association has the right to enforce these Rules against any person on the Property.

A-2. Additional Rules. Each Resident must comply with any rules and signs posted from time to time on the Property by the Association. Each Resident must comply with notices communicated by the Association, from time to time, which may include seasonal or temporary rules, or notice of a change affecting use of the Property. Posted and temporary rules are incorporated in these Rules by reference.

A-3. Variance. Circumstances may warrant a variance of these Rules. To obtain a variance an Owner must make written application to the Board. The Board's approval of a variance must be in writing, and may be conditioned.

A-4. Limits. It is understood that individuals may have different interpretations of and tolerances for these Rules. On lifestyle-related rules, such as the "Community Etiquette" rules below, the Association may refrain from acting on a perceived violation unless the Board determines the violation to be significant or a community-wide problem. The Association may not be compelled by one Resident to enforce these Rules against another Resident. Residents are expected to deal directly and peaceably with each other about their differences.

A-5. Filing Complaints. Because the Association is not staffed to monitor the Property for Rules violations, the Association relies on Residents to identify and report violations of these Rules and the Documents, and to monitor compliance with these Rules by violators. The Association also relies on Residents to help keep each other informed about the Rules. Recognizing that a Resident may be reluctant to confront another Resident about a violation, the Association will work with Residents to enforce the Rules. Generally, a complaint must be in writing and must be signed by a Resident or Owner who is willing to be identified as the complainant. The Association may refuse to enforce a violation: (a) that cannot be easily and independently verified, (b) for which it did not receive a signed written complaint, (c) for which the complainant will not cooperate with monitoring the violation and compliance, and (d) which the Board does not consider to be significant or community-wide.

B. OBLIGATIONS OF OWNERS AND RESIDENTS

B-1. Damage. An Owner is responsible for any loss or damage he causes to his Unit or the improvements therein, other Units and improvements, the personal property of other Residents or their guests, or to the Common Elements.

B-2. Association Does Not Insure Units. A person assumes full risk and sole responsibility for placing his personal property in or on the Property. Each Resident is solely responsible for insuring his Units and personal property in the Unit and on the Property, including improvements and betterments installed by the Owner within their Unit, and the Owner's furnishings and vehicles. THE ASSOCIATION STRONGLY RECOMMENDS THAT ALL OWNERS AND RESIDENTS PURCHASE AND MAINTAIN INSURANCE ON THEIR PERSONAL BELONGINGS AND IMPROVEMENTS AND BETTERMENTS INSTALLED BY AN OWNER IN THEIR UNIT.

B-3. Risk Management. An Owner may not permit anything to be done or kept in his Unit or the Common Elements that is illegal or that may result in the cancellation of insurance on the Property.

B-4. Reimbursement for Enforcement. An Owner must promptly reimburse the Association for any expense incurred by the Association to enforce the Documents against the Owner, his Unit, or persons for whom the Owner is responsible.

B-5. Reimbursement for Damage. An Owner must promptly reimburse the Association for the cost of damage to the Property caused by the negligent or willful conduct of the Owner or persons for whom the Owner is responsible.

B-6. No Garage Sales. Without the Board's prior written permission, no person may conduct at the Property a sale or activity that is advertised or attractive to the public, such as garage sales, car sales or estate sales. This section does not apply to marketing the sale or rental of a Unit, unless combined with a prohibited activity.

B-7. Supervision of Minors. For their own well-being and protection, persons who are legally incompetent or younger than eighteen (18) years must be under the general control and supervision of their parents or guardians at all times while on the Property

C. OCCUPANCY STANDARDS

C-1. Leases. Less than the entire Unit may not be leased. All leases must be made subject to the Declaration, Bylaws and these Rules and an Owner is responsible for providing his tenant with copies of the Declaration, Bylaws and these Rules and notifying him of changes thereto. Each tenant is subject to and must comply with all provisions of the Declaration, Bylaws, these Rules, federal and State laws, and local ordinances.

C-2. Minors. No person under the age of 18 years may occupy a residence within a Unit unless he lives with a Resident who is his parent, legal guardian, or a designee of his parent or legal guardian. Upon request by the Association, an Owner will provide satisfactory proof of the ages and relationships among the occupants of his residence.

C-3. Danger. As permitted by the federal Fair Housing Act Rules, no residence within a Unit may be occupied by a person who constitutes a direct threat to the health or safety of other persons, or whose occupancy would result in substantial physical damage to the property of others.

D. FIRE AND SAFETY

D-1. Safety. Each Resident is solely responsible for his own safety and for the safety, well- being, and supervision of his guests and any person on the Property to whom the Resident has a duty of care, control, or custody.

D-2. Fires. Except for barbecue fires as permitted by these Rules, there may not be any exterior fires on the Property.

D-3. Barbecue. The Board reserves the right to prohibit or restrict the existence and/or use of all or certain outdoor cooking grills if, in the Board's discretion, a grill constitutes a fire hazard or is unattractive or oversized for the area in which it is kept. On permitted grills: (a) open fires must be supervised at all times; (b) gas tanks must be properly used and maintained; (c) no flames may be higher than the cooking surface, except as is customary for regular use; and (d) a grill may not be used near combustible materials.

D-4. Security. The Association may, but is not be obligated to, maintain or support certain activities within the Property designed to make the Property less attractive to intruders than it otherwise might be. The Association, its directors, committees, Members, agents, and employees will not in any way be considered an insurer or guarantor of security within the Property, and may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner, Resident, guest, and invitee on the Property assumes all risk for loss or damage to his person, to his Unit, to the contents of his Unit, and to any other of his property and the Property. The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any security systems, equipment, or measures recommended, installed, or undertaken within the Property.

E. GENERAL USE AND MAINTENANCE OF UNIT

E-1. Residential Use. Each Unit must be used solely for Residential use, and may not be used for

commercial or business purposes, except as permitted in the Declaration. This restriction does not prohibit a Resident from using his Unit for personal, business, or professional pursuits, provided that: (a) the non-Residential use is incidental to the Unit's Residential use; (b) the use conforms to applicable laws and ordinances; (c) there is no external evidence of the non-Residential use; (d) the non-Residential use does not entail visits to the Unit by the public, employees, suppliers, or clients; and (e) the nonresidential use does not interfere with the use and enjoyment of neighboring Units.

E-2. Annoyance. A Resident may not use his Unit in a way that: (a) annoys Residents of neighboring Units; (b) reduces the desirability of the Property as a Residential community; (c) endangers the health or safety of other Residents; or (d) violates any law or any provision of the Documents.

E-3. Maintenance. An Owner, at his expense, will maintain his Unit and keep it in good condition and repair, including proper landscaping maintenance to maintain an aesthetically pleasing presentation.

E-4. Utility Equipment. Each Owner, at his expense, will maintain, repair, and replace the water heating and air heating and cooling equipment/system serving his Unit.

E-5. Combustibles. A Resident may not store or maintain, anywhere on the Property, including within a Unit, explosives or materials capable of spontaneous combustion.

E-6. Report Malfunctions. A Resident will immediately report to the Board his discovery of any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. A Resident who fails to promptly report a problem may be deemed negligent, in which case the Owner may be liable for any additional damage caused by the delay.

F. GENERAL USE & MAINTENANCE OF CO1V1MON ELEMENTS

F-1. Intended Use. Every area and facility in the Property may be used only for its intended and obvious use. For example, streets, walkways, sidewalks, and driveways are used exclusively for purposes of access, not for social congregation or recreation.

F-2. Grounds. Unless the Board designates otherwise, Residents may not use or abuse the landscaped areas, lawns, beds, and plant materials on the Common Elements.

F-3. Abandoned Items. No item or object of any type may be stored, placed, or maintained anywhere on the General Common Elements, except by the Board or with the Board's prior written consent. Items of personal property found an General Common Elements are deemed abandoned and may be disposed of by the Board.

G. COMMUNITY ETIQUETTE

G-1. Courtesy. Each Resident will endeavor to use his Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Residents.

G-2. Annoyance. A Resident will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Residents or their guests, tenants or employees, or the Association's

employees and agents.

G-3. Noise and Odors. Each Resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb Residents of other Units.

G-4. Reception Interference. Each Resident will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on the Property.

H. VEHICLE RESTRICTIONS

H-1. Permitted Vehicles. To be permitted on the Property, a vehicle must be operable, and must display a current license tag and inspection sticker. For purposes of these Rules, vehicles include automobiles, motorcycles, motorized bikes, passenger trucks, small vans, and similar passenger vehicles. The following are not permitted on the Property for more than twenty-four (24) hours without the Board's consent: trailers, boats, recreational vehicles, buses, large commercial trucks, industrial vehicles. Motorcycles, motorbikes, or other motorized vehicles may not be operated on the Property except to provide transportation to and from a Unit.

H-2. Repairs. Washing, repairs, restoration, or maintenance (including oil changes) of vehicles is prohibited on the private streets except for emergency repairs, and then only to the extent necessary to enable movement of the vehicle to a repair facility.

H-3. Nuisances. Each vehicle must be muffled and must be maintained and operated to minimize noise, odor, and oil emissions. The use of car horns on the Property is discouraged. No vehicle may be kept on the Property if the Board deems it to be unsightly, inoperable, inappropriate, or otherwise violative of these Rules.

H-4. Obstructions. No vehicle may be parked in a manner that impedes or prevents ready access to the Property, driveways, or parking spaces. No vehicle may obstruct the flow of traffic, constitute a nuisance, or otherwise create a safety hazard. No vehicle may be parked, even temporarily, in fire lanes or in any area designated as "No Parking."

H-5. Garages. Because of the shortage of visitor parking within the Property, it is imperative that each Resident use their garage for the parking of vehicles. A Resident with a car must use his garage for routine parking. Garage doors must be kept closed at all times, except when entering or exiting.

I. TRASH DISPOSAL

I-1. General Duty. Residents will endeavor to keep the Property clean and will dispose of all refuse in receptacles designated specifically by the Association or by the city for that purpose. Residents must remove trash receptacles from the street reasonably soon after the city or such other entity responsible for collecting trash has collected the trash. Residents may NOT litter Common Elements.

I-2. Hazards. Residents may NOT store trash inside or outside his Unit in a manner that may permit the spread of fire, odors, or seepage, or encouragement of vermin. Before discarding coals, ashes, logs, or

other materials used in barbecue grills or fireplaces, Resident will ensure that the debris is thoroughly cold.

I-3. Excess Trash. Residents will place trash entirely within the designated receptacle, and may not place trash outside, next to, or on top of the receptacle. If a receptacle is full, Residents should locate another receptacle to hold his trash. Boxes and large objects should be crushed or broken down before placed in a receptacle. Receptacles are to be closed at all times when not in use. Residents must arrange privately for removal of discarded furnishings or any unusually large volume of debris.

J. PETS

J-1. Prohibited Animals. No Resident may keep a dangerous or exotic animal, pit bull terrier, trained attack dog, or any other animal deemed by the Board to be a potential threat to the well-being of people or other animals. In addition, no single dog may exceed eighty (80) pounds without Board approval. No animal or house pet may be kept, bred, or maintained for any commercial purpose or for food.

J-2. Indoors/Outdoors. No pet is allowed on Common Elements unless carried or leashed. No pet may be leashed to a stationary object on the Common Elements.

J-3. Disturbance. Pets must be kept in a manner that does not disturb another Resident's rest or peaceful enjoyment of his Unit or the Common Elements. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time.

J-4. Damage. Each Resident is responsible for any property damage, injury, or disturbance his pet may cause or inflict. A Resident who keeps a pet on the Property is deemed to indemnify and agrees to hold harmless the Board, the Association, and other Owners and Residents, from any loss, claim, or liability of any kind or character whatever resulting from any action of his pet or arising by reason of keeping or maintaining the pet on the Property.

J-5. Pooper Scooper. Each Resident is responsible for the removal of his pet's wastes from the Common Elements. The Board may levy a fine against a unit and its Owner each time feces are discovered on the Common Elements and attributed to an animal in the custody of that Unit's Resident.

J-6. Removal. If a Resident or his pet violates these Rules, or if a pet creates a noise, odor, or other disturbance or nuisance, the Resident or person having control of the animal may be given a written notice by the Board to correct the problem. If the problem is not corrected within the time specified in the notice (not less than ten (10) days), the Resident, upon written notice from the Board, may be required to remove the animal. Each Resident agrees to permanently remove his violating animal from the Property within ten (10) days after receipt of a removal notice from the Board.

K. MISCELLANEOUS

K-1. Right to Hearing. An Owner may request in writing a hearing by the Board regarding an alleged breach of these Rules by the Owner or any person for whom the Owner is responsible. The Board will schedule a hearing within thirty (30) days after receiving the Owner's written request. At the hearing,

the Board will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.

K-2. Mailing Address. An Owner who receives mail at any address other than the address of his Unit must maintain with the Association his current mailing address. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Documents may be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Unit is deemed effective for purposes of delivery.

K-3. Revision. These Rules are subject to being revised, replaced, or supplemented, and Owners and Residents are urged to contact the Association to verify the rules currently in effect on any matter of interest. These Rules will remain effective until ten (10) days after an Owner of each Unit has been given a notice of the amendment or revocation of these Rules.

K-4. Other Rights. These Rules are in addition to and in no way whatsoever detract from the rights of the Association under the other Documents and the laws of the State of Alabama.

Filed and Recorded
Official Public Records
Judge of Probate, Shelby County Alabama, County Clerk
Shelby County, AL
08/01/2022 10:31:59 AM
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