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Judge of Probate
Calhoun County, Alabama

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DECLARATION OF PROTECTIVE COVENANTS FOR THE CIDER RIDGE SUBDIVISION

Phase One

THIS DECLARATION is made on the date hereinafter set forth by Cider Ridge, L.L.C., an Alabama Limited Liability Company (hereinafter sometimes called "Declarant").

Declarant is the owner of the real property described in Article II, Section 1, of this Declaration.

Declarant desires to subject the real property described in Article II, Section 1, hereof to the provisions of this Declaration to create a residential community and to provide the mechanism for the subjecting of other real property to the provisions of this Declaration.

Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of property subject to, or hereinafter subject to these protective covenants. Declarant desires to establish a method for the maintenance, preservation, use, and enjoyment of the property that is now or hereafter subjected to this Declaration.

Declarant hereby declares that the real property described in Article II, Section 1, of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner and occupant of all or any portion thereof.

ARTICLE I

Definitions

Unless the context shall prohibit, certain words used in this Declaration shall have the definition meaning set forth in Exhibit "A", attached hereto and by reference made a part hereof.

ARTICLE II

Property Subject to this Declaration

Section 1. Property Hereby Subjected To This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereinafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration is the real property known as Phase I Cider Ridge subdivision as recorded in Plat Book EE, beginning at Page 43, in the Probate Office of Calhoun County, Alabama (the "Plat"). Irrespective of the reference to the map or plat recorded on Plat Book EE, beginning at Page 43, aforesaid records, this Declaration shall be applicable to any future resubdivision, remapping, or replatting of any of the real property shown on the Plat.

Section 2. Other Property. Only real property described in Section numbered "1" of this Article II is hereby made subject to this Declaration; provided, however, by one (1) or more Supplementary Declarations, Declarant has the right, but not the obligation, to subject real property to this Declaration, as hereinafter provided in Article X.

ARTICLE III

Association Membership and Voting Rights

Section 1. Membership. Declarant contemplates that an Association will be formed in the future to hold fee simple title to portions of the Community to be known as "Common Property". In the event an Association is formed every Owner shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Until an Association is formed all references in this Declaration to the "Board" or "Association", where appropriate in the absolute discretion of Declarant, are deemed replaced with Declarant, its successors and assigns.

Section 2. Voting. At such time as an Association is formed, Owners shall be entitled to one (1) vote for each lot owned. When more than one (1) Person holds an ownership interest in any lot, the vote for such lot shall be exercised as those Owners themselves determine. In the event of a dispute, the vote shall be suspended if more than one (1) Person seeks to exercise it.

Any Owner of a lot not occupied by the Owner may, in the lease or other written instrument, assign the Owner's voting right appurtenant to that lot to the Occupant, provided that a copy of such instrument is furnished to the Secretary within the time period prescribed by the Secretary. In the event of such assignment, the Occupant may vote the Owner's vote on all issues upon which the Owner would be entitled to vote.

An Owner's right to vote may be suspended as provided elsewhere in this Declaration.

ARTICLE IV

Assessments

Section 1. Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefits, and enjoyment of the Owners and Occupants in the Community, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Type of Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) General Assessments; (b) Parcel Assessments, if applicable; (c) Special assessments, such assessments to be established and collected as hereinafter provided in Article IV, Section 5; and (d) Specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, those assessments established by Article IV, Section 10, and Article V, Section 2, hereof and reasonable fines as may be imposed in accordance with the terms of the Declaration and By-Laws. General Assessments shall be levied for Association Expenses determined by the Board to benefit all Lots. General Assessments shall be allocated among all Lots in the subdivision. Parcel Assessments shall be levied against Lots in a particular neighborhood within the subdivision where the Board has determined that certain Association Expenses benefit only those Lots.

Until December 31 of the year following the conveyance of the first Lot to an Owner the annual General Assessment shall not exceed \$300.00 per Lot. The General Assessment shall be payable in advance and shall commence to accrue on Lots as of the closing date. The General Assessment shall be adjusted as of the closing date for the number of months remaining in the calendar year. Declarant shall fix the amount of the annual General Assessment (until an Association is formed) and will endeavor to notify each Owner at least thirty (30) days in advance of each annual General Assessment period of the ensuing General Assessment annual amount and due date.

Section 3. Creation of Lien and Personal Obligation for Assessments. All assessments, together with late charges, plus interest at a rate equal to the lesser of eighteen (18%) percent or the maximum lawful rate, costs, and reasonable attorney's fees actually incurred shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each assessment is made. Each such

assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligations of the Person who was the Owner of such Lot at the time the assessment fell due. Each such Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the owner of a Lot, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of his or her grantor shall not apply to any first Mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure.

General Assessments, Parcel Assessments, and other assessments, unless otherwise provided by the Board, shall be paid in annual installments.

Section 4. Computation. It shall be the duty of the Board each year to prepare a budget covering the estimated costs of operating the Association during the ensuing year, which may include a capital contribution or reserve. The Association Expenses shall be allocated to each Lot as follows: The amount of all estimated expenses to be incurred for the sole benefit of a particular neighborhood within the subdivision shall be determined for each such neighborhood and that portion of the total estimated Association Expenses attributable to such neighborhood shall be allocated equally among the Lots in such neighborhood and shall be levied as Parcel Assessments. The remaining Association Expenses shall be levied as General Assessments.

The Board shall cause the budget and the assessments to be levied against each Lot for the ensuing fiscal year to be delivered to each Owner at least thirty (30) days prior to the end of the current fiscal year. The Board may not, without the consent of Declarant (so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof) and the vote or written assent of at least a Majority of the total Association vote entitled to vote thereon, impose a General Assessment per Lot which is more than one hundred twenty (120%) percent of the General Assessment for the immediately preceding fiscal year. In the event that the Board fails for any reason so to determine the budget for the succeeding year, then and 'until such time as a budget shall have been determined, as provided herein, the budget in effect for the current year shall continue for the succeeding year. Limitations on increases in Parcel Assessments, if any, shall be contained in the Supplementary Declaration designating a particular neighborhood within the subdivision as a Parcel.

Section 5. Special Assessments. In addition to the other assessments authorized herein, the Board may levy Special Assessments in any year. So long as the total amount of Special Assessments allocable to each Lot does not exceed the greater of Three Hundred (\$300.00) Dollars or the amount of the current General Assessment in any one (1) fiscal year, the Board may impose the Special Assessment. Any Special Assessment which would cause the amount of Special Assessments allocable to any Lot to exceed this limitation shall be effective only if approved by a majority of the total Association vote entitled to vote thereon and, so long as the Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof, the consent of Declarant. Special Assessments shall be paid as determined by the Board, and the Board may permit Special

Assessments to be paid in installments extending beyond the fiscal year in which the Special Assessment is imposed.

Section 6. Lien for Assessments. All sums assessed against any Lot subject to this Declaration pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens of ad valorem taxes; and (b) liens for all sums unpaid on a first Mortgage.

All other Persons acquiring liens or encumbrances on any Lot subject to this Declaration after this Declaration shall have been recorded in the records of the office of the Judge of Probate, Calhoun County, Alabama shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 7. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments which are not paid in full by the date specified by the Board ("due date") shall be delinquent. Any assessment delinquent shall incur a late charge in such amount as the Board may from time to time determine. If the assessment is not paid when due, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association and its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting through the Board and on behalf of the Owners, shall have the power to bid at any foreclosure sale or to acquire, hold, lease, mortgage, or convey foreclosed property. No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, by non-use of Common Property, or abandonment of the Residence. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs and attorney's fees, then to late charges, then to interest and then to delinquent assessments.

Section 8. Date of Commencement of Assessments. A Lot shall become subject to assessment hereunder as of the closing date. The first General Assessment shall be adjusted according to the number of months remaining in the fiscal year during which the Lot became subject to assessment.

Section 9. Assessment Obligation of Declarant; Advance Payment. After the commencement of annual General Assessment payments as to any Lot, Declarant, on behalf of itself and its successors and assigns, covenants and agrees to pay the full amount of the assessments provided herein for each existing Residence on a Lot that it owns. Declarant shall not be responsible for any assessment with respect to any unimproved Lot owned by Declarant.

Section 10. Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. The Board may specifically assess Lots for the following expenses, except for expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association as provided herein:

(a) Expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received.

(b) Expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be specifically assessed equitably among all Lots according to the benefit received.

Section 11. Exempt Property. The following property shall be exempt from General Assessments, Parcel Assessments, and special and specific assessments:

(a) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, public parks, roads, rights-of-way, streets and easements; and

(b) all property owned by non-profit organizations and restricted for use as private schools or churches; provided, however, the availability of the exemption for such non-profit organizations is contingent upon prior approval by the Board; and

(c) all unimproved Lots owned by Declarant.

ARTICLE V

Section 1. Association's Maintenance Responsibility. The Association shall maintain and keep in good repair the Common Property. This obligation shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. In addition, if the following property exists in the Community, the Association may, as determined by the Board, maintain part or all of such property, regardless of whether it is Common Property: Community hiking and biking trails; grass and other landscaping along dedicated rights-of-way; sedimentation ponds; Community entrance features; and lakes and dams.

The Association shall also have the right, but not the obligation, to maintain and provide services for other property not owned by the Association, whether located within or without the boundaries of the community, and to enter into leases, easements and covenants and to share costs agreements regarding such property (and any other property) where the Board has determined that this would benefit Owners.

The foregoing maintenance costs shall be assessed as a part of the General Assessment, Parcel Assessments or Specific Assessments, as determined by the Board in accordance with this Declaration.

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

Section 2. Owner's Maintenance Responsibility. Each Owner shall maintain or cause to be maintained in a safe, clean and attractive condition all property subject to this Declaration which is owned directly or indirectly by such Owner in a manner consistent with the Community-Wide Standard and this Declaration. Such maintenance obligation shall include, without limitation, the following: Prompt removal of all litter, trash, refuse, and waste; lawn mowing on a regular basis; tree and pruning; watering landscaped areas; keeping improvements, exterior lighting, and maintenance facilities in good repair and working order; keeping lawn and garden areas alive, free of weeds, and attractive; keeping driveways in good repair; complying with all governmental health and police requirements; repair of exterior damages to improvements; and, if applicable, striping of parking areas and keeping roads and parking areas in good repair. Lake Lot Owners shall, in addition, maintain as described above the property located between the lake elevation and the property line of such lot. Golf Course Lot Owners shall, in addition, maintain as described above the property located between the Golf Course or Golf Course Property and the property line of such Lot.

In the event that the Board determines that (a) any Owner or designee of the Owner, as designee is defined below, has failed or refused to discharge properly his or her obligations with regard to the maintenance, repair or replacement of items for which he or she is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees,

invitees, or designee then the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner or designee written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at the Owner's or the Owner's designee's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner or his or her designee shall have ten (10) days within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at Owner's sole cost and expense, and all costs shall be treated as a Specific Assessment against the Owner and the Lot owned by the Owner. If an Owner has designated an entity such as a homeowners association to perform all or part of the maintenance required to be performed hereunder by such Owner for property owned directly or indirectly by such Owner and such entity has accepted such designation, either pursuant to a recorded declaration or otherwise, such entity shall be a designee of the Owner as such term is used above and the Association may, to the extent permitted by law, specifically assess such designee and the property owned or administered by such designee for all costs of correcting noncompliance with this Section.

Section 3. Party Walls and Party Fences. Each wall or fence built as a part of the original construction of the Residences which shall serve and separate any two (2) adjoining Lots shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

In the event of any dispute arising concerning a party wall or fence or under the provisions of this Section, each Party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Section 4. Conveyance of Common Property by Declarant to Association. Declarant may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest which is or may be subjected to the terms of this Declaration. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Property to be maintained by the Association. Declarant shall have the right, without limitation, to include lakes and dams in the property that may be conveyed by Declarant and which shall be accepted by the Association.

Section 5. Declarant Responsibility. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section including, without limitation, dredging or otherwise removing silt from any lake that may be conveyed.

ARTICLE VI Use Restrictions and Rules

Section 1. General. This Article, beginning at Section 2, sets out certain use restrictions which must be complied with by all Owners and Occupants. These use restrictions may only be amended in the manner provided in Article XIII, Section 4, hereof regarding amendment of this Declaration. In addition, the Board may, from time to time, without consent of the Members, promulgate, modify, or delete other use restrictions and rules and regulations applicable to the Community. This authority shall include, but shall not be limited to, the right to limit the type and size of vehicles within the Community and to set the maximum and minimum speeds of vehicles on private streets within the Community and to impose all other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles on the Community. The Board may also restrict certain portions of the recreational facilities administered by the Association to adults only. Such use restrictions and rules shall be distributed to all Owners and occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, canceled, or modified in a regular or special meeting by a Majority of the total Association vote entitled to vote thereon and, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof, the consent of Declarant.

Section 2. Residential Use. All Residences shall be used for single-family residential purposes exclusively. No business or business activity shall be carried on, in or upon any Residence at any time except with the written approval of the Board. "Yard Sales", "Moving Sales", "Estate Sales" or similar or comparable sales and activities are prohibited. Leasing of a Residence shall not be considered a business or business activity. However, the Board may permit a Residence to be used for business purposes so long as such business, in the sole discretion of the Board, does not otherwise violate the provisions of the Declaration or By-Laws, and does not create a disturbance. The Board may issue rules regarding permitted business activities.

Section 3. Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the Architectural Review Committee. Notwithstanding the foregoing, the Board shall have the right to erect reasonable and appropriate signs, and "For Sale" and "For Rent" signs consistent with the Community-Wide Standard may be erected upon any Residence. The provisions of this Section shall not apply to any Person holding a Mortgage who becomes the Owner of any Residence as a purchaser at a judicial or foreclosure sale conducted with respect to a first Mortgage or as transferee pursuant to any proceeding in lieu thereof. At such time as sale signs are permitted they must be no larger than 2ft x 2ft and be constructed in a manner consistent with approved standards for the neighborhood. No for sale or for rent signs shall be posted in any window of any home. This covenant shall not be meant to prohibit any Cider Ridge development or sale signs from being posted during construction and development of the

property or individual homes. "Sale" or "construction" signs placed during the construction of a home may be limited to a single sign posted by the general contractor or builder of that home. No political signs shall be permitted.

Section 4. Vehicles and Garages. The term "vehicles" as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, and automobiles. Unless and except to the extent that the Owner or Occupant of a Residence shall have more vehicles than the number of parking areas serving their Residence, all vehicles shall be parked within such parking areas. Where the Residence contains a garage, "parking areas" shall refer to the number of garage parking spaces. All garages shall face and open onto the side or rear of the Residence unless otherwise noted in this document or unless written approval is obtained from the Architectural Review Committee. In very few instances, if the topography of a small lot makes it prohibitive to install a side or rear entrance garage, the Architectural Committee may approve a front entrance garage. There will be no back entrances allowed on any lots. The lots must be entered from the front unless it is a corner lot, in which case it may be entered from the side. No vehicle may be left upon any portion of the Community, except in a garage or other area designated by the Board, for a period longer than five (5) days if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways. After such five (5) day period, such vehicle shall be considered a nuisance and may be removed from the community. Any towed vehicle, boat, recreational vehicle, motor home, or mobile home regularly stored in the Community or temporarily kept in the Community, except if kept in a garage or other area designated by the Board, for periods longer than twenty four (24) hours each shall be considered a nuisance and may be removed from the community. Trucks with mounted campers which are an Owner's or Occupant's primary means of transportation shall not be considered recreational vehicles, provided they are used on a regular basis for transportation and the camper is stored out of public view upon removal.

No motorized vehicles shall be permitted on pathways or unpaved Common Property except for public safety vehicles and vehicles authorized by the Board.

All single-family detached Residences shall contain a garage; carports shall not be permitted. Garage doors shall be kept closed at all times, except during times of ingress and egress from the garage. Any approved, detached garages must be connected to the Residence by a breezeway or covered walkway.

Section 5. Leasing. Residences may be leased for residential purposes. All leases shall have a minimum term of six (6) months with the exception of certain residences within the Golden Gate neighborhood as determined within the sole discretion of the Architectural Committee. All leases shall require without limitation, that the tenant acknowledge receipt of a copy of the Declaration, By-Laws and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs

associated therewith against the Owner and the Owner's property.

Section 6. Occupants Bound. All provisions of the Declaration, By-Laws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be additionally levied against the Owner.

Section 7. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Residence with the exception of dogs, cats, or other usual and common household pets in reasonable number, as determined by the Board; provided, however those pets which roam free, or in the sole discretion of the Board, endanger health, make objectionable noise, (including, but not limited to persistent barking dogs) or constitute a nuisance or inconvenience to the Association Members or Occupants or the Owner of any property located adjacent to the Community may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purposes. Dogs which are household pets shall at all times whenever they are outside a Residence be on a leash or otherwise confined in a manner acceptable to the Board. Without prejudice to the Board's right to remove any such household pets, no household pet that has caused damage or injury may be walked in the Community. Animal control authorities shall be permitted to enter the Community to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law.

Section 8. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No property within the Community shall be used, in whole or in part, for the storage of any property or thing that will cause such Residence to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Community. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community.

Section 9. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community.

Section 10. Architectural Standards. No exterior construction, alteration, addition, or erection of any nature whatsoever shall be commenced or placed upon any part of the Community, except such as is installed by Declarant, or as is approved in accordance with this Section, or as is otherwise

expressly permitted herein. No exterior construction, addition, erection, or alteration shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials, and location shall have been submitted in writing to and approved by an Architectural Review Committee established by Cider Ridge L.L.C. There will be a \$100 fee for the Architectural Committee to review and approve the plans and specifications for each house to be constructed at Cider Ridge. Fee is subject to revisions. The following items, without limitation, will be submitted to the Architectural Control Committee for new home construction; house plans, site plans, landscaping plans, and exterior color and material schedule. Building materials in all neighborhoods shall consist of brick, stone, stucco, or approved material. No dryvit siding will be approved and any vinyl siding to be approved must be of superior quality. No plain aluminum windows will be permitted. The Board may divide the Architectural Review Committee into two (2) subcommittees, with one (1) subcommittee having jurisdiction over modifications and the other having jurisdiction over new construction. The Board may employ for the Architectural Review Committee architects, engineers, or other persons necessary to enable the Committee to perform its review. The Architectural Review Committee may, from time to time, delegate any of its rights or responsibilities hereunder to one (1) or more duly licensed architects or other qualified persons, which shall have full authority to act on behalf of the committee for all matters delegated and in the event of such delegation, the applicant shall be required to pay any fees charged by such architects or other qualified persons. In the event that the Architectural Review Committee fails to approve or to disapprove submitted plans and specifications within forty-five (45) days after the plans and specifications have been submitted to it, approval will not be required, and this Section will be deemed to have been fully complied with. As a condition of approval under this Section, an Owner, on behalf of himself and his successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration. In the discretion of the Architectural Review Committee, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of himself and his successors-in-interest. The Architectural Review Committee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any Property to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Section, the Board may, as provided in Article XIII, Section 1, hereof, record in the appropriate land records a notice of violation naming the violating Owner.

Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Architectural Review Committee, the members thereof, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications. Neither Declarant, the Association, the Architectural Review Committee, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to

approve or disapprove any such plans or specifications. Every Person who submits plans or specifications and every Owner agrees that he will not bring any action or suit against Declarant, the Architectural Review Committee, the Board, or the Association or the officers, directors, members, employees, and agents of any of them to recover any such damages and hereby releases, remises, quitclaims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any mistake in judgment, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

Section 11. Antennas. No exterior antennas of any kind shall be placed, allowed, or maintained upon any portion of the Community, including any Residence without the prior written consent of the Board or its designee. No free standing antennas whatsoever shall be placed on any Residence including, without limitation, satellite dishes unless approved by the Architectural Committee. However, the Board reserves the right to (but shall not be obligated to) erect a master antenna, satellite dish or other similar master system for the benefit of one (1) or more Parcels or for the benefits of the entire community. The Board or its designee may approve the installation of radio antennas which do not protrude above the roofline of the Residence at its highest point and are not visible from the street in front of the Residence. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and Occupant agrees to comply with this provision despite the fact that the erection of an outdoor antenna or similar device would be the most cost-effective way to transmit or receive the signals sought to be transmitted or received.

Section 12. Tree Removal. No trees with 12 in. caliper or greater shall be removed without the express consent of the Board or its designee, except for (a) diseased or dead trees; (b) trees needing to be removed to promote the growth of other trees; (c) trees needing to be removed for safety reasons; or (d) trees in the immediate location of any building approved by the Architectural Review Committee, (e) any tree on any lot which is shading a green on the golf course may at the discretion of Cider Ridge L.L.C. be removed or cut back to allow for the proper maintenance of such green.

Section 13. Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains except with the permission of the Architectural Review Committee. Declarant hereby reserves a perpetual easement across all Community property for the purpose of altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 14. Site Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

Section 15. Clotheslines, Garbage Cans, Woodpiles, Etc. All clotheslines, garbage cans, woodpiles, swimming pool pumps, filters and related equipment, air conditioning compressors and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate. Declarant, however, hereby expressly reserves the right to dump and bury rocks and trees on property within the Community as needed for efficient construction and to allow developers and builders within the Community to bury rocks and trees removed from a building site on such building site. Trash, garbage, debris, or other waste matter of any kind may not be burned within the Community, except when done during the normal construction of a residence.

Section 16. Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board or its designee. Declarant, however, hereby expressly reserves the right to replat any Lot or Lots owned by Declarant during the time in which Declarant may annex property. Any such division, boundary line change, or replotting shall not be in violation of the applicable subdivision and zoning regulations.

Section 17. Guns. The use of firearms in the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and firearms of all types.

Section 18. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Community, including any Residence, without the prior written consent of the Board or its designee. The Board or its designee may issue guidelines detailing acceptable fence styles or specifications, and in general there will be no chain link fences allowed, nor will fences be allowed in the front or side yards and in no event may a hog wire or barbed wire fence be approved. All privacy fences must be of uniform material as selected by the Architectural Committee. Except for approved privacy fences erected around pools and patios, there shall be no fences erected in the back yards of residences of Golf Course Lot Owners and Lake Lot Owners, nor any other structure closer than forty (40) feet to the back lot line. The intent of this regulation as related to the Golf Course is to allow golfers to play with a minimum of out of bounds penalties. For courteous golfers whose ball does land in this portion of the back yard, Owners and Occupants will be courteous in return and allow the golfer to retrieve or hit the ball out. The intent of this regulation as related to Lake Lot Owners is to present an aesthetically pleasing, "non-walled off" appearance from, to, and in the vicinity of Lakes.

Section 19. Lakes. This Section and Article XII, Section 5 of this Declaration, and rules, use restrictions and design guidelines issued by the Board or its designee shall govern the use of such lakes as may exist in the Community or such lakes as are made available for the use of all Owners and Occupants in the Community and activities related thereto. "Cider Lake" adjoins a portion of that Section of the subdivision known as Caldaro Woods. The use of such Lake, in addition to the foregoing restrictions, is limited to Owners and Occupants of that portion of those Lots in Caldaro Woods and in Grande Vistas which adjoin the Lake. Swimming, ice-skating and water skiing shall not be permitted, except as specifically approved by the Board. Except as may be approved by the Board or its designee, boats with internal combustion motors and boats of any type longer than seventeen (17) feet shall not be

permitted on any lake. All dock construction must be uniform in design. Design specifications for the docks will be set by the Architectural Committee. Retaining walls and similar structures shall not be installed without the prior written approval of the Board or its designee. Boats may be stored in an enclosed structure only and shall not be left to remain in the waters of any lakes unattended.

Section 20. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Community, except for temporary lines as required during construction and lines installed by or at the request of Declarant.

Section 21. Air-Conditioning Units. Except as may be permitted by the Board or its designee, no window air conditioning units may be installed.

Section 22. Lighting. Except for approved lighting as originally installed on a Residence, exterior lighting visible from the street shall not be permitted, except for (a) two (2) decorative post lights; (b) a street light in conformity with an established street lighting program for the Community; (c) seasonal decorative lights at Christmas; or (d) front house illumination of model homes. Except for temporary seasonal lighting all approved lighting shall be illuminated with white lights.

Section 23. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, and similar items must be approved by the Board or its designee. No limestone or other stone riprap or other similar treatment for architectural features, bank or berm enhancement, drainage ditch lining or like features will be allowed. No crushed brick or lava stones will be allowed.

Section 24. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Board or its designee.

Section 25. Above Ground Swimming Pools. Except as may be permitted by the Board or its designee, above ground swimming pools shall not be erected.

Section 26. Driveways. Except as may be permitted by the Board or its designee, driveways shall be constructed with concrete.

Section 27. Exteriors. Except as may be permitted by the Board or its designee, the exterior of all improvements including, without limitation, Residences must be repainted in a color used in the original construction of Residences within the Community. No Residence exterior shall be constructed of natural, untreated wood. All such approved wood exteriors must be painted or stained and sealed.

Section 28. Window Coverings. The portion of all window coverings visible from the exterior of any Residence shall be white or off-white or neutral unless otherwise prior approved by the

Board or its designee. Aluminum foil on windowpanes, mirrored or reflective glass is not allowed.

Section 29. Parcels - Special Parcel Use Restrictions. Unless otherwise specifically set forth herein by Supplemental Amendment, each separate neighborhood that is or becomes part of the Community shall be or assume the status of Parcel. In addition to other provision for Parcels herein, this Section 29 shall describe any special Parcel use restriction or rules (if any) pertaining to each Parcel in the Community. At such time that any additional real property may be annexed into the Community by Supplemental Declaration, such Supplemental Declaration shall specifically amend this Section 29 to define the Parcel status of all real property annexed and any special Parcel restrictions for each Parcel. Parcels shall be numbered and referred to as Parcel One, Parcel Two, etc., in correspondence with the numbered Subsections of this Section 29. Enforcement, deviations for hardship causes, additions, deletions or amendments to the special Parcel use restrictions shall be governed by the procedures set forth in this Declaration. Declarant may unilaterally, by Supplemental Amendment, add to this Section 29 the special Parcel use restrictions for any Parcels or subdivisions whose special Parcel use restrictions are not initially set forth in this Declaration. The special Parcel use restrictions described below, if any, are to be used in conjunction with the other use restrictions as described in this Declaration, but not in derogation thereof:

(a) Parcel One - Golden Gate (phase one)

(i) All dwellings and permitted accessory buildings constructed on the Lots within this portion of said subdivision will be built in accordance with the design plans set forth by Cider Ridge, L.L.C. The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) Dwellings constructed within this portion of said subdivision may be permitted to have front entry garages.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade shingles or such other material as may be approved in writing by the Architectural Committee.

(iv) All walls and supports below the main floor of the dwelling shall have an exterior of stone, masonry brick or other approved material. In no event will any exposed block be permitted.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(b) Parcel Two - Rome Beauty (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade singles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 2,200 square feet (lots 1 through 10), 2,800 square feet (lots 11 through 28), 2,600 square feet (lots 29 through 36), and 2,400 square feet (lots 37 through 42) of heated habitable area. All dwellings shall have a minimum of 1,600 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(c) Parcel Three - Russett Park (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade singles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 2,400 square feet (lots 1 through 5), 2,800 square feet (lots 6 through 10), 2,400 square feet (lots 11 through 15), 2,800 square feet (lots 16 through 21), 2,400 square feet (lots 22 through 24) of heated habitable area. All dwellings shall have a minimum of 1,600 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(d) Parcel Four - Gallia Hills (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade singles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 3,000 square feet of heated habitable area. All dwellings shall have a minimum of 1,800 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(e) Parcel Five - Apple Blossom (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade singles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 3,200 square feet of heated habitable area. All dwellings shall have a minimum of 1,800 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(f) Parcel Six - Caldaro Woods (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural gradeingles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 3,500 square feet of heated habitable area. All dwellings shall have a minimum of 1,800 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(g) Parcel Seven - Calvilla Sierras (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural gradeingles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 2,400 square feet of heated habitable area. All dwellings shall have a minimum of 1,600 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(h) Parcel Eight- Brandy Highlands (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade shingles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 2,600 square feet of heated habitable area. All dwellings shall have a minimum of 1,600 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

(i) Parcel Nine - Grande Vistas (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural grade shingles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on lots within this portion of said subdivision will have a square footage amount that is determined by the Architectural Committee.

(v) All chimneys of dwellings constructed on all lots within this portion of said subdivision shall be of brick or materials approved by the architectural committee only.

(j) Parcel Ten - Cider Forrest (phase one)

(i) The percentage of stone or masonry brick on all dwellings and permitted accessory buildings constructed on the lots within this portion of said subdivision shall be determined and approved by the Architectural Committee based on each individual plan.

(ii) All dwellings shall have side or rear entry garages. No front entry garages will be permitted.

(iii) Roofs of dwellings constructed on all of said lots shall be of architectural gradeingles or such other material as may be approved in writing by the Architectural Committee.

(iv) Dwellings constructed on the lots within this portion of said subdivision shall have at least 2,800 square feet of heated habitable area. All dwellings shall have a minimum of 1,600 square feet on the main level.

(v) All chimneys of dwellings constructed on all the lots within this portion of said subdivision shall be of brick construction or such other material as may be approved in writing by the Board.

Section 30. Landscape. In addition to the requirements of Article VI, Section 10, all Owners acknowledge that all Lots are to be sodded and each Lot Owner is required to install an underground water sprinkler system unless otherwise approved by the Architectural Committee.

Section 31. Set Back Lines. In addition to the requirements of Article VI, Section 10, all Owners acknowledge that the Architectural Review Committee will establish minimum building set back requirements from public streets, side and rear lot lines on an individual Lot by Lot basis.

Section 32. Mailboxes. Declarant will select a "mail box" which every Lot Owner within the subdivision will be required to purchase and use. No separate box or other form of receptacle for the use or delivery of newspapers and/or magazines shall be permitted.

Section 33. Protection of Creek. Declarant intends to preserve as much of the natural state of the Properties as is practical. The creek which borders a portion of the subdivision is an important part of the aesthetic appeal of the Community.

Each Lot Owner agrees to strive to preserve the integrity of the community in its natural state and to protect the privacy of their neighbors within the subdivision as well as the privacy and rights of other property owners who have land which adjoins the subdivision.

Any alteration to creek banks must be approved by the Board so as not to damage trees on creek, the creek bank or the creek itself.

Each Owner agrees not to place grass clippings, limbs, cuttings or trash of any kind in the any creek. Owners agree not to take any action with respect to any creek which might cause erosion with respect to the creek bank or might impede or obstruct the flow of water through the creek. Owners will not permit or allow their children or guests to swim or play in the creek behind other Lots in the subdivision or trespass onto adjoining Lots or the creek behind adjoining Lots without express permission of such Lot Owner.

Section 34. Swim and Tennis Facility. A separate association may be formed to support and maintain a swim and tennis facility at Cider Ridge. The site for such facility will be selected and donated by Cider Ridge L.L.C. in the approximate size of 1.5 acres, however the construction, maintenance, and any insurance required for said facility will be paid for and maintained by the association and must conform to the standards set forth by the Architectural Committee.

ARTICLE VII

Prohibition of Timesharing

Timesharing shall be prohibited in the Community. The term "timesharing" shall include, without limitation, timeshare estate, timeshare use, and timeshare interval programs.

ARTICLE VIII

Insurance and Casualty Losses

Section 1. Insurance. The Association's Board or its duly authorized agent shall have the authority to and may obtain insurance for all insurable improvements on the Common Property.

The Board may obtain a public liability policy applicable to the Common Property insuring the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents. The public liability policy shall have a combined single limit of at least One Million (\$1,000,000.00) Dollars or a greater amount if directed by Declarant during the time specified in Article X. If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall also obtain directors' and officers' liability insurance.

All such insurance coverage obtained by the Board shall be written in the name of Association, as trustee, for the respective benefited parties, as further identified in subparagraph (b), below. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) All policies shall be written with a company licensed to do business in Alabama and

holding a rating of B or better as established by A. M. Best Company, Inc., if available, or, if not available, the most nearly equivalent rating.

(b) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(c) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(d) All insurance policies shall be reviewed annually by one or more qualified persons.

(e) The Association's Board shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board, its manager, the Owners, Occupants, the Declarant, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be canceled, invalidated, or suspended on account of anyone or more individual Owners;

(iv) that no policy may be canceled, invalidated, or suspended on account of any defect or the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner, Occupant, or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

(vi) that no policy may be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association.

Section 2. Property Insured By Association: Damage and Destruction. Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed

estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least sixty-six (66%) percent of the total Association vote entitled to vote thereon, the Owner(s) of the damaged property, if any, and, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however such extension shall not exceed one hundred twenty (120) days. No Mortgagees shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's Members, levy a Special assessment against all owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs or repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Community in a neat and attractive condition.

Section 3. Property Insured By Owners: Damage and Destruction. By virtue of taking title to property within the Community, each Owner covenants and agrees with all other Owners and with the Association that in the event that the Association does not carry insurance on the Owner's property, each individual Owner shall carry liability and casualty insurance. Each Owner further covenants and agrees that in the event of a partial loss of damage and destruction resulting in less than total destruction, Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction. In the event that the structure is totally destroyed and Owner determines not to rebuild or to reconstruct, Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to construction.

Section 4. Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons who are responsible hereunder, or under any declaration or contract requiring the Association to obtain such insurance, for maintenance of the damaged or destroyed property.

Article IX
Condemnation

Whenever all or any part of the Common Property shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on its behalf or on the written direction of all Owners subject to the taking, if any) by any authority having the power of condemnation or eminent domain, the Association shall represent the Owners. The award made for such taking shall be payable to the Association as trustee for all Owners. The provisions of Article VIII, Section 2, above, applicable to Common Property improvements damage or destruction, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE X

Annexation of Additional Property

Section 1. Unilateral Annexation By Declarant. As the Owner thereof or, if not the Owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option from time to time at any time until fifteen (15) years after the recording of this Declaration to subject additional real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record a Supplementary Declaration in respect to the property being annexed. Any such annexation shall be effective upon the filing for record of such Supplementary Declaration unless otherwise provided therein. This Declaration shall not preclude the annexation of property that, at the time that this Declaration is recorded, is improved with houses or other improvements. Such improved property may, with the consent of the owner(s) thereof be annexed by Declarant in accordance with the procedures set forth in this section. As long as covenants applicable to the real property previously subjected to this Declaration are not changed, and as long as rights of the then Owners are not adversely affected, the Declarant may unilaterally amend this Declaration to reflect the different character of any real property annexed by Declarant. If improved property is annexed, the Supplementary Declaration annexing such property shall provide, and is hereby expressly permitted to provide, that the provisions of Article VI hereof and any rule, use restriction, or design guideline promulgated pursuant thereto may not be applied to cause the removal or alteration of any preexisting condition that is otherwise prohibited by Article VI unless such condition constitutes a nuisance or unsightly or unkempt condition as provided in Article VI.

The rights reserved unto Declarant to subject additional land to the Declaration shall not and shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such additional land to this Declaration or to the jurisdiction of the Association. If such additional land is not subjected to this Declaration, Declarant's reserved rights shall not impose any obligation on Declarant to impose any covenants and restrictions similar to those contained herein upon such additional land nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

Section 2. Real Property Amendment. Subject to the consent of the owner or owners thereof and, so long as Declarant has the right to subject additional real property (as it may be amended from time to time as herein provided) to this Declaration as provided above, with the consent of Declarant, upon the affirmative vote of at least a majority of the Board of the Association, in person or by proxy, at a meeting duly called for such purpose, the Association may include such additional real property as may meet the above described requirements by filing for record a Supplementary Declaration with respect to the property being annexed. Any such Supplementary Declaration shall be signed by the President and Secretary of the Association, and any such annexation amendment shall be effective upon the filing for record of such Supplementary Declaration, unless otherwise provided therein.

ARTICLE XI

Mortgage Provisions

The following provisions are for the benefit of holders of first Mortgages on Residences in the Community. The provisions of this Article apply to both this Declaration and the By-Laws notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the Residence number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Residence on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;
- (b) any delinquency in the payment of assessments or charges owed by an owner of a Residence subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an owner of a Residence of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;
- (c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or
- (d) any proposed action which would require the consent of a specified percentage of eligible holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing.

Unless at least two-thirds (2/3) of the first Mortgagees or at least two-thirds (2/3) of the total Association vote entitled to vote thereon consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Property which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Property shall not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Residence (A decision, including contracts, by the Board or provisions of any Supplementary Declaration regarding assessments for Parcels or other similar areas shall not be subject to this provision where such decision or Supplementary Declaration is otherwise authorized by this Declaration.);

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residences and of the Common Property (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision.);

(d) fail to maintain insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Property losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Residence in the case of distribution to such owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 4. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Residence.

Section 5. Amendment by Board. Should the Veterans Administration, Federal Housing Administration, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation or any of their respective successors or assigns subsequently delete any of their

respective requirements which necessitate changes to the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 6. Veterans Administration Approval. As long as Declarant has an option unilaterally to subject property to this Declaration as provided in Article X, the following actions shall require the prior approval of the Veterans Administration so long as the Veterans Administration is guaranteeing any Mortgage in the Community; annexation of additional property to the Community, except for annexation by Declarant in accordance with Article X, Section 1 hereof pursuant to a plan of annexation previously approved by the Veterans Administration; dedication of Common Property to any public entity; and material amendment of the Declaration, By-Laws or Articles of Incorporation.

Section 7. Applicability of Article XI. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or Alabama law for any of the acts set out in this Article.

Section 8. Failure of Mortgagee to Respond. Any Mortgagee (or insurer or guarantor of a Mortgage) who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

ARTICLE XII

Easements

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Residence and such portion or portions of the Common Property adjacent thereto or as between adjacent Residences due to the placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Residence and the adjacent portion of the Common Property or as between adjacent Residences, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, Occupant or the Association.

Section 2. Easements for Use and Enjoyment of Common Property. Every Member shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his or her property, subject to the following provisions:

- (a) the right of the Board to charge reasonable admission and other fees for the use of any portion of the Common Property, including, without limitation, swimming pools, to limit the number of guests who may use the Common Property, to allow Persons who are not Members of the

Association, such as Persons living or working in the vicinity of the Community, to use the Common Property on a regular or temporary basis and to charge or not charge a user fee therefore, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his or her family, tenants, guests, Occupants, and invitees;

(b) the right of the Board to suspend the voting rights of an Owner and Occupant and the right of an Owner and Occupant to use the Common Property recreational facilities in the community, if any, for any period during which any assessment which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By-Laws, use restrictions, rules and regulations or design guidelines;

(c) the right of the Board to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage given shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Residence or Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Owner encumbering any Residence or other property located within the Community (any provision in this Declaration or in any such Mortgage given by the Board to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Lot or Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Owner encumbering any Residence or other property located within the Community); and

(d) the right of the Board to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least a Majority of the Association, in person or by proxy, at a meeting duly called for such purpose (or, if a meeting is not called, upon the affirmative vote of at least a Majority of the votes cast in a referendum on the issue) and, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof, by Declarant.

An Owner's right of use and enjoyment in and to the Common Property and facilities located thereon shall extend to the members of his or her family and guests. Owner shall be deemed to have made a delegation of all such rights (except for the right of ingress and egress to the Owner's property) to the Occupants of any leased Residence.

Upon the affirmative vote of the Majority of the Association vote present, in person or by proxy, at a meeting duly called for such purpose (or, if a meeting is not called, upon the affirmative vote of at least a Majority of the votes cast in a referendum on the issue) and, so long as Declarant has an option unilaterally to subject additional Property to this Declaration as provided in Article X hereof, the consent of Declarant, the Board may alter the use of any Common Property. For example, and by way of

illustration and not limitation, the Board may convert tennis courts into a basketball court or vice versa.

An Owner's right of use and enjoyment in and to the Common Property and facilities located thereon shall not give any Owner the right of ingress or egress across any Residence to obtain access to such Common Property.

Section 3. Reserved Easements for the Provision of Services to the Community. There is hereby reserved to Declarant, its successors and assigns blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, maintaining, and removing rights-of-way, drainage facilities, floodway easements, and all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, and any other similar service such as, but not limited to, a master television antenna system, cable television system, video system, or security system which Declarant might decide to have installed to serve the Community or any portion thereof. It shall be expressly permissible for Declarant and its successors and assigns to install, repair, replace, maintain, and remove or to authorize the installation, repair, replacement, maintenance, or removal of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Declarant and its successors and assigns shall full rights of ingress and egress at all times over all portions of the Community for the installation, operation, maintenance, repair, or removal of any of the foregoing utilities or services and shall have the right to remove any unauthorized obstruction placed in or on any of the foregoing easements that would, in the sole discretion of Declarant or its successors and assigns, interfere with the use of the above installation of the foregoing utilities or services. In no event shall the foregoing prohibit paving or landscaping within such easements. Declarant shall have the right to assign and convey, in whole or in part, the easements reserved by it hereunder to one or more public utility companies, quasi-public service companies, or relevant governmental authorities. All utilities except drainage installed within the above described easements shall be installed underground. This reserved easement may be assigned by Declarant by written instrument to the Association, and the Association shall accept such assignment upon such terms and conditions as are acceptable to Declarant. Rights exercised pursuant to such reserved easements shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 4. Easement for Entry. In addition to the right of the Board to exercise self-help as provided in Article XIII, Section 2, hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security, and safety, which right may be exercised by the manager, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. It is intended that this right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 5. Easement for Lake Maintenance. Declarant hereby expressly reserves a

perpetual easement for the benefit of Declarant and its successors and assigns, across such portions of the Community, determined in the sole discretion of Declarant (or its successors and assigns), as are necessary to allow for the maintenance of a lake(s), lake bed(s) and shorelines, if any, which are within the Community or which are made available for the use and enjoyment of Owners and Occupants within the Community. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment of property adjacent to the lake(s), reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense. In order to allow the exercise of the rights created pursuant to this easement, no tree or structure may be placed within fifteen (15) feet of the line formed by the highest normal pool elevation of any lake without the prior written approval of the Board or its designee.

Section 6. Easement for Property Maintenance Along Lake. Every Lake Lot Owner shall have a right and easement of access to that property located between a lake and the property line of such Lake Lot Owner as needed to perform the maintenance required under Article V.

Section 7. Easement Across Certain Adjoining Lots. Due to the topography of certain Lots in the Community, Declarant hereby expressly reserves a perpetual easement for the benefit of Declarant and its successors and assigns, across such portions of Lots within the Community, determined in the sole discretion of Declarant or its successors and assigns, as are necessary to allow for the construction of driveways to provide for ingress and egress from public streets within the Community to and across portions of certain Lots (burdened Lot) for the use, benefit and enjoyment of adjoining Lots. If requested by Declarant, or its successors or assigns, the Owner of any burdened Lot agrees to execute a joint driveway agreement or such other instrument as Declarant, or its successors or assigns, deems necessary to effectuate the provisions of this Section. In no event shall the Owner of any burdened Lot be required to share in the expense of the construction or extension of such Lot Owner's existing driveway nor shall such joint driveway agreement or other instrument require such Lot Owner to remove any portion of his or her Residence.

ARTICLE XIII

General Provisions

Section 1. Enforcement. Each Owner and every Occupant shall comply strictly with the By-Laws, the rules and regulations, the use restrictions and with the design guidelines, all as may be amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and in the deed to his or her property within the Community, if any. The Board may impose fines or other sanctions which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the By-Laws, the rules and regulations, use restrictions, or design guidelines shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or, in a proper case, by an aggrieved Owner or Occupant. Failure by the Board or any Owner or Occupant to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of violation of the

Declaration, By-Laws, and to assess the costs of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

Section 2. Self Help. In addition to any other remedies provided for herein the Board or its duly authorized agents shall have the power to enter upon a Lot or any portion of the Community to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates this Declaration, the By-Laws, the rules and regulations, the use restrictions, or the design guidelines. Except in the case of emergency situations and towing, the Board shall give the violating Owner or Occupant ten (10) days' written notice of its intent to exercise self help. All costs incurred shall be assessed against the violating Owner or Occupant and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The provisions of this Declaration shall run with and bind the land and shall be and remain in effect perpetually to the extent permitted by law; provided, however, should any provision of Alabama law now or hereafter in effect limit the period during which covenants restricting land to certain uses may run any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law; and such provisions shall be automatically extended for successive periods of ten (10) years or such shorter period as may be allowed by law, unless such extension is disapproved at a meeting duly called for such purpose by at least a Majority of the total Association vote (or, if a meeting is not called, upon the affirmative vote of at least a Majority of the Association votes as recorded by a referendum on the issue) and, so long as Declarant has an option unilaterally to subject additional Property to this Declaration as provided in Article X hereof, the written consent of Declarant. Such meeting or referendum must be held and a written instrument reflecting disapproval must be recorded within the year immediately preceding the beginning of a renewal period. Every purchaser or grantee of any interest in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

Section 4. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or Purchaser of Mortgage loans, including, for example, without limitation the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation or a State or National Bank, to enable such lender or purchaser to make or purchase Mortgage loans on the Residences subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable title insurance company to insure Mortgage loans on the Residences subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's property unless any such Owner shall consent thereto in writing. Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration as provided in Article X hereof, Declarant may unilaterally amend this Declaration for any other purpose in the sole and absolute discretion of Declarant without the consent of the affected Owner

or Occupant.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a Majority of the total Association vote entitled to vote thereon and, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof, the consent of Declarant. A meeting may be called (but shall not be required to be called) to consider and vote upon any amendment. Amendments to this Declaration shall become effective upon recordation, unless a later effective date is specified therein.

Any procedural challenge to an amendment must be made within six (6) months of its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of the Declaration or By-Laws.

Section 5. Partition. The Common Property shall remain undivided, and no Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community, the written consent of all holders of all Mortgages encumbering any portion of the property located within the Community, and, so long as Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X hereof, the consent of Declarant.

Section 6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 8. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 9. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10. Indemnification. The Association shall indemnify every officer and Director against any and all expenses, including attorneys fees, imposed upon or reasonably incurred by any

officer or Director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or Director. The officers and Directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or Directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director, or former officer or Director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

Section 11. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration, the By-Laws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to subject property to this Declaration as provided in Article X terminates, it shall be expressly permissible for Declarant and any builder or developer approved by Declarant to maintain and carry on, upon such portion of the Community as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be required, convenient, or incidental to Declarant's and such builder's or developer's development, construction and sales activities related to property described on Exhibit "B" and Exhibit "C" as it may be amended from time to time, to this Declaration, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the community; the right to tie into any portion of the Community with driveways, parking areas and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing) replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community; the right to carry on sales and promotional activities in the Community, including directional and sales signs in the common areas; and the right to construct and operate business offices, signs, banners, flags, construction trailers, sales offices, model residences with fences, gates and walkways, and hold open houses and Parades of Homes for the public. Declarant and any such builder or developer may use Residences or offices owned or leased by Declarant or such builder or developer as model Residences and sales offices. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 12. Books and Records. This Declaration, the By-Laws, the Articles of Incorporation, copies of rules and regulations, use restrictions, design guidelines, membership register, books of account, and minutes of meetings of the Members, or the Board and of committees shall be made available for inspection and copying by any Member of the Association or by his duly appointed representative and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and

for a purpose reasonably related to his or her interest as a Member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

The Board shall establish reasonable rules with respect to:

- (a) notice to be given to the custodian of the records;
- (b) hours and days of the week when such an inspection may be made; and
- (c) payment of the cost of reproducing copies of documents.

Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 13. Audit. An audit of the accounts of the Association shall be made annually in such manner as the Board may decide.

Section 14. Notice. If an Owner sells his or her Lot, the Owner shall give to the Board, in writing, the name of the Purchaser of the Lot and such other information as the Board may reasonably require.

Section 15. Estoppel Certificate. Upon the request of any Member, the Board or its designee shall furnish a written certificate signed by an officer or agent of the Association regarding unpaid assessments levied against that Member's property and any violations of the Declaration, By-Laws, use restrictions, rules and regulations, or design guidelines by any Owner or Occupant of such property. Such certificate shall bind the Association with respect to the foregoing matters. The Association may require the advance Payment of a processing fee not to exceed Twenty-five (\$25.00) Dollars for the issuance of each such certificate.

Section 16. Agreements. Subject to the prior approval of Declarant, so long as the Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article X above, all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 17. Implied Rights. The Association may exercise any right or privilege given to it expressly by the Declaration, the By-Laws, the Articles of Incorporation, any use restriction or rule, the design guidelines and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 18. Deviations. The Board or its designee or Declarant so long as Declarant has an option to subject additional property to the declaration as provided in Article X above, may, in the exercise of its discretion, permit deviations from the restrictions contained in this Declaration, the By-Laws, the rules and regulations, the use restrictions, and the design guidelines.

Section 19. Use of word "Cider Ridge". No person shall use the word "Cider Ridge" in the name of any commercial or residential building or any commercial or residential business or enterprise or in any printed or promotional material without the prior written consent of Declarant. However, Owners or Occupants may use the name "Cider Ridge" in printed or promotional matter where such terms is used solely to specify that particular property is located within Cider Ridge.

Section 20. Scrivener's Errors/Omissions. Notwithstanding the foregoing amendment provisions, any Scrivener's Error or Omission may be corrected by the filing of any amendment to this Declaration consented by Declarant and any mortgagees of record consent to any such amendment. If there appears to be any other omissions or errors in this Agreement, Scrivener's or otherwise, and such error or omission does not materially adversely affect the rights and interests of any other party in the sole and absolute discretion of Declarant, then such error or omission may be corrected by the filing of an amendment to this Declaration executed by Declarant without the consent of any other party.

Section 21. Acknowledgements of Purchaser. Purchaser signs an agreement that they understand they must use a pre-qualified builder. Purchaser acknowledges that all information contained in the brochures is conceptual only and cannot be relied upon for final plans. At closing Purchaser acknowledges that they received a final version of the Restrictive Covenants.

Section 22. Resolution of Disputes.

(a) Waiver of Trial by Jury. "Association", "Declarant", "Member", "Owner", "Occupant" and "Person" (the "parties to this Declaration or "all parties" or "parties" or "party") desire to avoid the additional time and expense related to a jury trial of any disputes arising hereunder, if in the event that the arbitration agreement in this Section is declared by a court of law to be unenforceable for any reason. Therefore, it is mutually agreed by and between the parties hereto, and for their heirs, successors and assigns, that they shall and hereby do waive trial by jury of any claim, counterclaim, or third-party claim, including any and all claims of injury or damages, brought by any party against other party arising out of or in any way connected with this Declaration and the relationship which arises here from. The parties acknowledge and agree that this waiver is knowingly, freely and voluntarily given, is desired by all parties, and is in the best interest of all parties.

(b) Negotiation. The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Declaration promptly by negotiations between the parties who have authority to settle the controversy. Any party may give any other party written notice of any dispute not resolved in the normal course of business. Within twenty (20) days after delivery of said notice, both parties shall meet at a mutually acceptable time and place (by mutual agreement, such meeting may be

held by telephone), and thereafter as often as they deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within sixty (60) days of the disputing party's notice, or if the parties fail to meet within twenty (20) days, either party may initiate the mediation of the controversy or claim as provided in paragraph 21(c) below.

(c) **Mediation.** If any dispute has not been resolved by negotiation as provided in paragraph 21(c) above, the parties shall endeavor to resolve the dispute by mediation. Unless the parties agree otherwise, the mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association by a mediator who has the qualifications set forth herein below. The neutral third party will be selected by the mutual consent of the parties to this Agreement. If the parties encounter difficulty in agreeing on a neutral third party, they will seek the assistance of the American Arbitration Association ("AAA") in the selection process. Unless otherwise agreed by the parties, the place of mediation shall be the offices of Wilson, Pumroy, Turner & James, L.L.C., Attorneys at Law, 1431 Leighton Avenue, Anniston, Alabama 36207.

(d) **Arbitration.** Any dispute that has not been resolved by mediation, as provided in paragraph 21(c) hereinabove, within sixty (60) days of the initiation of such procedure, shall be finally settled by arbitration conducted expeditiously in accordance with the Commercial Arbitration Rules of the American Arbitration Association by a sole arbitrator; provided, however, that persons eligible to be selected as arbitrators shall be limited to attorneys at law who are on AAA's Large Complex Cases Panel; or who have professional credentials similar to the attorneys listed on such AAA panel. If the parties encounter difficulty in agreeing on an arbitrator, they agree that AAA shall select the arbitrator. Notwithstanding the foregoing, if one party has requested the other party to participate in a non-binding dispute resolution procedure under Sections 21(b) or 21(c) above and the other party has failed to participate therein, the other party may initiate arbitration before expiration of the above time periods. The arbitration shall be governed by the United States Arbitration Act, 9 U. S. C. Sections 1-16. The award shall be based upon applicable law and judicial precedent and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be the offices of Wilson, Pumroy, Turner & James, L.L.C. The arbitrator is not empowered to award damages in excess of compensatory damages and each party hereby irrevocably waives any damages in excess of compensatory damages.

(e) **Costs and Fees.** The parties shall bear their respective costs in connection with the dispute resolution procedures (non-litigation) described in Sections 21(b), 21(c), or 21(d) hereof, except that the parties shall share equally the fees and expenses of any neutral third party or arbitrator and the costs of any facility used in connection with such dispute resolution procedures.

(f) **Notice.** With respect to the non-binding procedures provided in Sections 21(b) and 21(c) hereof, if a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least three (3) working days' notice of such intention and may also be accompanied by an attorney. All negotiations relating to any non-litigated procedure provided herein are confidential and shall be treated as compromise and settlement negotiations for purposes of the rules of evidence of all applicable jurisdictions.

IN WITNESS WHEREOF, the undersigned, has executed this instrument under seal this the 18th day of APRIL, 2002, by its Manager who is duly authorized.

Cider Ridge, L.L.C.

BY: [Signature]
James G. Morrow, Manager

STATE OF ALABAMA
CALHOUN COUNTY

I, the undersigned, a Notary Public in and for said State and County, hereby certify that James G. Morrow, whose name as Manager of Cider Ridge, L.L.C., is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he as such Manager, being duly authorized executed the same voluntarily on the day the same bears date for and on behalf of said limited liability company.

Given under my hand and seal this 18th day of APRIL, 2002.

[Signature]

NOTARY PUBLIC

JAY F. PUMROY - Notary Public
STATE OF ALABAMA

My Commission Expires:

My Commission Expires April 25, 2003.

[SEAL]



EXHIBIT "A"

Definitions

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

(a) "Association" shall mean and refer to Cider Ridge Owners Association, Inc., a nonprofit, nonstock, membership corporation which it is contemplated will in the future be incorporated under the laws of the state of Alabama, its successors and assigns.

(b) "Association Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for general and Parcel purposes, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration, the By-Laws, and the Articles of Incorporation.

(c) "Board of Directors" or "Board" shall mean the governing body of the Association, and the Board shall have such duties as are provided in the Declaration, the By-Laws, the Articles of Incorporation, and the Alabama Nonprofit Corporation Act.

(d) "By-Laws" shall refer to the By-Laws of Cider Ridge Owners Association, Inc., as such document may be amended from time to time.

(e) "Certificate of Occupancy" shall mean any required certification issued by the appropriate governmental authorities as a prerequisite to occupancy of any Residence.

(f) "Common Property" shall mean any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants, whether located within or without the boundaries of the community or subdivision.

(g) "Community" or "Subdivision" shall mean and refer to that certain real property and interests therein described in Article II and (i) such additions thereto of all or any portion of the real property described in Article II as may be made by Declarant (or its Mortgagee or transferee, as provided in the Declaration) by Supplementary Declaration; and (ii) such additions thereto of other real property as may be made by the Association by Supplementary Declaration.

(h) "Community-Wide Standard" shall mean the standard of conduct,

maintenance, or other activity generally prevailing in the Community or Subdivision. Such standard may be more specifically determined by the Board of Directors of the Association and by committees required or permitted to be established pursuant to the Declaration and By-Laws. Such determination, however, must be consistent with the Community-Wide Standard originally established by the Declarant.

(i) "Declarant" shall mean and refer to Cider Ridge, L.L.C., an Alabama limited liability company, and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Article II and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Article II, which is now or hereafter subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one point in time.

(j) "Declaration" shall mean this Declaration of Protective Covenants for Cider Ridge Subdivision, as such document may be amended.

(k) "General Assessments" shall mean assessments levied for Association Expenses determined by the Board to benefit all Owners and Occupants.

(l) "Golf Course Lot Owner" shall mean the Owner of any Lot whose rear property line abuts the Golf Course or Golf Course property whose rear property would abut such Golf Course or Golf Course property if the strip of land between such property line and the Golf Course was owned by the Owner of such lot.

(m) "Lake Lot Owner" shall mean the Owner of any lot whose rear property line abuts a lake within the Community (or a lake made available for the use and enjoyment of Owners and Occupants within the Community) or whose rear property line would abut such lake if the strip of land between such property line and such lake was owned by the Owner of such lot.

(n) "Majority" means those eligible votes, Owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

(o) "Member" shall mean a Person that is a member of the Association as provided in the Declaration.

(p) "Mortgage" means any mortgage, deed of trust, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(q) "Mortgagee" shall mean the holder of a Mortgage.

(r) "Occupant" shall mean any Person occupying all or any portion of a Lot or other property located within the Community for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

(s) "Owner" shall mean the record owner, whether one (1) or more Persons, of the fee simple title to any real property located within the Community, including contract sellers, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation and excluding contract purchasers.

(t) "Parcel" shall mean and refer to separately designated residential areas comprised of various types of housing initially or by amendment made subject to this Declaration. For example, and by way of illustration and not limitation, a condominium development, a townhouse development, an apartment complex, and a single family detached home subdivision may all be designated as separate Parcels. If separate Parcel status is desired, the Declarant shall designate in this Declaration or in the Supplementary Declaration subjecting the property to the terms and conditions of this Declaration that such property shall constitute a separate Parcel or Parcels. In the absence of specific designation of separate Parcel status, all property made subject to the Declaration shall be considered a part of the same Parcel. The Board may also grant Parcel status to any area if so requested in writing by Owners holding at least seventy-five (75%) percent of the total vote entitled to vote thereon in such area.

(u) "Parcel Assessments" shall mean assessments for Association Expenses provided for herein or by any Supplementary Declaration which are incurred for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of only the Owners and Occupants of the Parcel against which the specific Parcel Assessment is levied and of maintaining the properties within a given Parcel or neighborhood within the Community all as may be specifically authorized from time to time by the Board of Directors.

(v) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

(w) "Residence" or "Lot" shall mean a portion of the Community designated on an approved layout plan or subdivision plat, as more particularly described below, for any type of independent use and occupancy as a residence by a single family. For example, each single family detached home shall constitute a Residence; each condominium unit in a condominium development shall constitute a Residence; each Apartment Unit in an Apartment Complex shall constitute a Residence; and each town home or cluster home unit in an attached or semi-attached housing development shall constitute a Residence. The foregoing examples are set out by way of illustration and not in limitation of the term "Residence". Residence shall include all portions of the land owned as well as any structure thereon, as described above. A Residence shall come into existence on the earliest date of the happening of any of the following events: (1) when a Certificate of Occupancy is issued by the proper governing authority; (2) in the case of a subdivision the expiration of two years from the date the subdivision is accepted for maintenance by the City of Oxford, (unless made earlier by contract with owner); (3) in the case of a condominium or an Apartment Complex, for each residence building (2) two years after the approval of a project layout plan by the appropriate municipal planning commission, but not before certificates of occupancy have been issued for each residence building (unless made earlier by contract with owner).

(x) "Supplementary Declaration" shall mean an amendment to the Declaration subjecting additional property to the Declaration.

Recording Fee	132.00
TOTAL	132.00