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Limestone County, AL

**DECLARATION
OF PROTECTIVE COVENANTS
FOR
LAKEWOOD
SUBDIVISION**

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DECLARATION OF PROTECTIVE COVENANTS FOR LAKEWOOD SUBDIVISION

THIS DECLARATION OF PROTECTIVE COVENANTS FOR LAKEWOOD SUBDIVISION (this "Declaration") is made effective as of the 1st day of June, 2022 by **DILTINA DEVELOPMENT CORPORATION**, an Alabama corporation ("Declarant").

BACKGROUND STATEMENT

A. Declarant is the Owner of all real property described on Exhibit "A" attached hereto (collectively, the "Property");

B. Declarant desires to subject the Property 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;

C. Declarant intend 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; and

D. Declarant hereby declares that the Property, 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 this Declaration, including the protective covenants, easements, assessments, and liens contained herein, which are for the purpose of protecting the value and desirability of, and which shall run with 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 Recitals; Definitions

The above Background Statement is a material part of this Declaration and are hereby incorporated by reference.

Unless the context shall prohibit, certain words used in this Declaration shall have the definition meaning set forth in Exhibit "B", 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 Property is hereby subject to the covenants and restrictions hereinafter set forth and 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.

Section 2. Other Property. Only the Property 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 additional real property to this Declaration, as hereinafter provided in Article IX.

ARTICLE III

Association Membership and Voting Rights

Section 1. Membership. Every person or entity, including Declarant, which is the record owner of a fee or undivided fee interest in any Lot that is subject to this Declaration, shall be deemed to have a membership in the Association. The foregoing is not intended to include persons who or entities which hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one membership per Lot owned. In the event of multiple Owners, votes and rights of use and enjoyment shall be as provided herein. Ownership of a Lot shall be the sole qualification for membership, which shall be appurtenant to and may not be separated from such ownership. The rights and privileges of membership, including the right to vote, may be exercised by a member or the member's spouse, but in no event shall more than one vote be cast for each Lot.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) **Class "A":** Class "A" Members shall be all Owners with the exception of the Class "B" members, if any. Class "A" Members shall be Voting Members entitled to one (1) vote in the Association for each membership as set forth in Article III Section 1 hereof. There shall be only one vote per membership. When more than one Person is the Owner of any Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended in the event more than one Person seeks to exercise it. Those Owners of property, if any, which is exempt from assessments as provided in Article IV, Section 12, hereof are Members of the Association and are subject to the provisions of this Declaration, but are not Owners of Residences and shall not, therefore, be entitled to vote. Any Owner of a Lot which is leased may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Secretary of the Association prior to any meeting. 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 in Article XI, Section 2, of this Declaration.

(b) **Class "B":** The Class "B" Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale, and who is designated as such in a recorded instrument executed by Declarant. The Class "B" Member shall be a Voting Member and shall be entitled to cast the number of votes which are contained in the total of all Class "A" Members, plus one (1) vote, until such time when Class "B" votes terminate and convert to class "A" votes.

The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

- (i) When the last Lot of the total Lots permitted for the property delineated on the plat recorded in the Probate Office, Limestone County has been conveyed; provided however, that there is no evidence of continuing development of any of the remaining property within one year from sale of the last Lot of Lakewood Subdivision; the Class "B" Member shall be deemed a Class "A" Member; or

- (ii) January 1, 2033; or
- (iii) When, at his discretion, the Declarant so determines, with the approval of first mortgagee of Declarant.

From and after the happening of one of these events, whichever occurs earlier, the Class "B" Member shall be deemed to be a Class "A" Member. At such time, the Declarant shall call a meeting, as provided in the By-Laws of the Association for special meetings, to advise the membership of the termination of Class "B" status and to elect the remaining members of the Board of Directors.

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) Special assessments, such assessments to be established and collected as hereinafter provided in Article IV, Section 10; and (c) 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 11, 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 Owners and Occupants. General Assessments shall be allocated among all Lots in the Community.

Section 3. Creation of Lien and Personal Obligation for Assessments. All assessments, together with late charges, interest at a rate equal to the lesser of fifteen (15%) 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 Residence 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 its grantor shall not apply to any first Mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure.

General Assessments and other assessments, unless otherwise provided by the Board, shall be paid in annual, semi-annual, or quarterly installments as the Board determines.

Section 4. Budget. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve. The Board Shall cause the assessments, based upon the Budget, to be levied against each Lot for the following 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 real property to this Declaration as provided in Article IX hereof), impose a General Assessment per Lot which is more than one hundred twenty-five (125%) 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. The initial general assessment shall be **\$1,000.00** (One Thousand and no/100 dollars) per year and shall be due January first.

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 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 real property to this Declaration as provided in Article IX 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 property 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 property in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such property, 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 property subject to this Declaration after this Declaration shall have been recorded in the records of the Office of the Judge of Probate, Limestone 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 of up to twenty-five and no/100 Dollars (\$25.00) dollars, per day, or 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. The assessments provided for herein shall commence upon conveyance of each Lot by Declarant to an Owner and said assessments shall be prorated as of the date of conveyance based on a calendar year beginning January 1 of said year.

Section 9. Budget Deficits During Declarant Control. The Declarant shall be solely responsible for a period of two (2) years from the day and date first above written to satisfy the deficit if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year. With respect to the foregoing, for so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant may: (i) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves), and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of the Declarant; (ii) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Community; or (iii) lend the Association funds at ten percent (10%) interest sufficient to cover the deficit. The Declarant in its sole discretion may guarantee repayment of any loan pursuant to item (ii) above, if required by the lending institution, or make a loan to the Association pursuant to item (iii) above. In addition, the Declarant may elect to secure the loan pursuant items (ii) or (iii) above by a Mortgage secured by the Common Property or any of the improvements maintained by the Association.

Section 10. Loans from Declarant. The Declarant may, but shall in no way be required, loan money to the Association and/or advance funds to pay for insurance premiums, taxes, maintenance, other expenses of the Association, or budget deficits (as contemplated by Section 9 above). The Association shall account for such loans/advances on an annual basis. At that time, upon request from the Declarant, the Association's officers shall execute a note in favor of Declarant with interest to accrue at ten percent (10%). At the election of Declarant, the Association shall budget to repay at least twenty percent (20%) of the principal amount of the loan amounts described in Section 9 above or this Section 10 on annual basis until paid in full.

Section 11. 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 Owners 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 Owners may be specifically assessed equitably among all of the Owners which are benefited according to the benefit received.
- (b) Expenses of the Association which benefit all Owners, but which do not provide an equal benefit to all Owners, may be specifically assessed equitably among all Owners according to the benefit received.

Section 12. Exempt Property. The following property shall be exempt from General 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 dedicated to land preservation, or conservation, including, but not limited to, organizations such as the Huntsville Land Trust or the Alabama Conservancy, provided, however, the availability of the exemption for such non-profit organizations is contingent upon prior approval by the Board.

Section 13. Association's Assignment of Assessment Rights to Creditor. The Declarant, for so long as the Declarant has the authority to appoint the Directors and officers of the Association, or thereafter, the Board of Directors of Directors, may assign the rights to receive payments for assessments or Special Assessments from Owners, as well as the right to enforce the collection of assessments and special assessments by exercising the Association's authority under Section 6 of the Declaration to impose a lien against any Lot in favor of the Association for the benefit of the Creditor, or directly for the benefit of the Creditor, as a result of nonpayment of assessments.

Section 14. Association's Grant of Power of Attorney to Creditor. The Declarant, for so long as the Declarant has the authority to appoint the Directors and officers of the Association, or thereafter, the Board of Directors of Directors, may grant a limited purpose power of attorney to a Creditor for the specific purpose of enforcing the right to collection of assessments and special assessments by exercising the Association's authority under Section 6 of the Declaration to impose a lien against any Lot in favor of the Association for the benefit of the Creditor, or directly for the benefit of the Creditor, as result of nonpayment of assessments.

ARTICLE V

Maintenance: Conveyance of Common Property

by Declarant to Association

Section 1. Association's Maintenance Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance 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; and Community entrance features.

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 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 and edging on a regular basis; tree and shrub pruning; tree removal and replacement within 30 days due to death, disease or nuisance or as directed through notification by Board for one of the aforementioned reasons; 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; and repair of exterior damages to improvements.

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 any 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 property owned by the Owner.

Section 3. Party Walls and Party Fences. Each wall or fence built which shall serve and separate any two (2) adjoining Residences or 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. No party wall or fence shall be constructed in a manner that will interfere with the functioning of established drainage easements as set out on recorded plats affecting the Property.

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 ACC or its designee, such consent to be given in the ACC's sole and absolute discretion.

The cost of reasonable repair and maintenance of a party wall or fence shall be shared equally by the Owners who make use of the wall or fence. Unless expressly agreed to in writing signed by all applicable parties, including the party to be bound, under no circumstances whatsoever shall the Declarant, Woodland Homes of Huntsville, Inc. or Mike Friday be responsible to share in the costs of installation, maintenance or repair of fences or party walls.

Declarant hereby grants a construction and fence easement to each Owner, Woodland Homes of Huntsville, Inc. or any other approved fence contractor for the purpose of installation, maintenance, removal, and re-construction of any fence or party wall along any property line between or abutting adjacent Lots. This easement shall include the right and authority to tie into and connect to the existing fence on the adjacent Lot in connection with such installation, maintenance, removal, and re-construction. After taking

action with respect to such easement the adjoining Lot and fence shall be restored to substantially the condition that existing prior to such use.

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. The Declarant may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other real 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 for the benefit of all or a part of its Members. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section. The Declarant may place conservation restrictions or easements on Common Property prior to conveying it to the Association, regardless of whether or not the restriction is in place before the recording of a plat referencing "Common Area". The Association shall accept such transfer or conveyance of Common Property from the Declarant subject to, and shall be responsible for, any mortgage loan encumbrances on said Common Property.

Section 5. Additional Improvements. 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 XII, Section 4, hereof regarding amendment of this Declaration. In addition, the Board, by a two-thirds (2/3) vote, 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 in 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 the Declarant has an option unilaterally to subject additional real property to this Declaration as provided in Article IX 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. Leasing of a Residence shall not be considered a business or business activity. However, the Board may permit 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, does not create a disturbance. The Board may issue rules regarding permitted business activities. Residences of more than two stories are prohibited.

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 ACC. Notwithstanding the foregoing, both the Declarant and 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 purchaser at a judicial or foreclosure sale conducted with respect to a first Mortgage or as transferee pursuant to any proceeding in lieu thereof.

Section 4. Vehicles and Garages. The term "vehicles," as used herein, shall include, without limitation, motor homes, recreational vehicles, boats, trailers, motorcycles, mini-bikes, scooters, go-carts, trucks, campers, buses, vans, tractors, mowers and automobiles.

All vehicles shall be parked within garages, driveways, or other Board designated parking areas. Parking in yards and unpaved areas is prohibited.

Any vehicles that are kept in the Community or left upon any portion of the Community, except in a garage or other Board designated area, for periods longer than five (5) days shall be considered a nuisance and the Board, at its discretion, shall have the authority to remove the vehicle from the Community at the vehicle owner's expense.

Any unlicensed vehicles or vehicles in a condition such that it is incapable of being operated upon the public highways, is left upon any portion of the Community, except in a garage or other Board designated area, for periods longer than five (5) shall be considered a nuisance and the Board, at its discretion, shall have the authority to remove the vehicle from the Community at the vehicle owner's expense.

Any towed vehicle, boat, recreational vehicle, motor homes, or mobile home regularly stored in the Community or temporarily kept in the Community, except if kept in a garage or other Board designated area, for periods longer than seventy-two (72) hours each shall be considered a nuisance and the Board, at its discretion, shall have the authority to remove the vehicle from the Community at the vehicle owner's expense.

Trucks with mounted campers, or other commercial vehicles, 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 eighteen wheel trucks or the cabs of such trucks shall be parked, kept or stored within the Community, and if so parked, kept or stored shall be considered a nuisance and the Board, at its discretion, shall have the authority to remove the vehicle from the Community at the vehicle owner's expense.

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

Residences shall contain, as a minimum, a two-car garage; carports shall not be permitted. No front entry garages shall be permitted, except those approved by the ACC. Garage doors shall be kept closed at all times, except when garage is in use. Detached garages are allowed as long as they match the design of the house and have been approved by the ACC.

Section 5. Leasing. Residences may be leased for residential purposes. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, By-Laws, use restrictions, 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 are permitted to roam free, or in the sole discretion of the Board, endanger health, make objectionable noise, (including, but not limited to 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 ordered to be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose. 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. Owners shall be responsible for waste clean-up of their pets. 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.

All maintenance of yards, unless specifically identified as being the responsibility of The Association, shall be the responsibility of such lot Owner. In the event that The Board of Directions of The Association determines that a yard is unsightly or unkempt The Board shall give the Owner written notice of noncompliance and demand for compliance. If Owner fails to comply the Board may assess a fine and/or bring the yard into compliance at the Owner's expense.

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 the Declarant, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. No exterior construction, addition erection, or alteration of any nature whatsoever 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 ACC(s) established by the Declarant. A \$75.00 non-refundable plan review fee shall be paid to Declarant, its successors and assigns, which is to be submitted along with the proposed building plans. The following items, without limitation, must be submitted to the ACC for written approval; fences, basketballs goals, posts and hoops, detached buildings, detached garages and any other exterior items on the premises. The Declarant may employ for the ACC architects, engineers, or other Persons necessary to enable the Committee to perform its review. The ACC 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. The Declarant/ACC may also delegate certain responsibilities to one or more Owners or other individuals.

The Declarant hereby appoints Mike Friday as the initial representative of the ACC.

In the event that the ACC fails to approve or to disapprove submitted plans and specifications within thirty (30) days after the plans and specifications have been submitted, unless additional information is required of homeowner, therefore thirty (30) from last correspondence. If no approval or no correspondence received within thirty days (30), 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 their 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 ACC, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of their successors-in-interest. The ACC 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 XII, 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 ACC, 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 ACC, 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 they will not bring any action or suit against Declarant, the Association, the ACC, the Board, or the officers, directors, members, employees, and agents of any of them to recover any such damages and hereby releases, remises, quit-claims, and covenants not to sue for all claims, demands, and causes of action arising out of or in

connection with any 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/Satellites. 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 ACC or its designee. No free standing antennas whatsoever shall be placed on any Residence. The ACC or its designee may approve the installation of radio antennas which do not protrude above the roof line 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. The ACC or its designee may, at its discretion, approve a "satellite receiving dish". You must obtain prior written approval from the ACC before installation. There may be fees associated with installation of a "satellite receiving dish".

Section 12. Tree Removal. No trees shall be removed without the express consent of the Declarant or Board or their respective designee, except for (a) diseased or dead trees; (b) trees needing to be removed for safety reasons; or (c) trees in the immediate location of building approved by the ACC. Any tree(s) removed for death or disease must be replaced within 30 days by a like and kind of tree(s) such as in the community.

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 ACC. 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. Trash must be set out in appropriate trash containers no sooner than 6:00p.m. the evening prior to pick up. And containers should be removed no later than 6:00p.m. the evening of pickup. 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 or by Declarant.

Exterior storage containers, including but no limited to PODS containers, shall not be left on any portion of the community, except by special written authorization of the Board, for any period longer than seven (7) days. After such seven (7) day period, such container shall be considered a nuisance and may be

removed from the Community by the Board and the homeowner shall be responsible for the cost of the removal of the container.

Section 16. Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Declarant or its designee. Declarant, however, hereby expressly reserves the right to replat any Lot or Lot owned by Declarant during the time in which Declarant may annex property. After the expiration of the Declarant's right to annex, the Board must approve all resubdivisions. Any such division, boundary line change, or replatting 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. Fencing. No fence or fencing type barrier of any kind whatsoever shall be planned, placed, erected, maintained or allowed upon any portion of the Community, including any Lot, without the prior written consent of the ACC or its designee, such consent to be given in the ACC's sole and absolute discretion. Fences must comply with the following design criteria:

- (i) The fence design must be compatible with the architecture of home located on the Lot or Lots where the fence is to be located.
- (ii) The fence material must be metallic (aluminum, iron, or a substantially similar material). No chain link fences will be permitted in the Community.
- (iii) Fence heights must be either 4, 5, or 6 feet.
- (iv) Columns may be included in fence designs, but only in the areas along the side yard and front yard of each Lot. There shall be no continuous length of fence greater than forty (40) feet without a column along the side or front yard. Any columns located between corners shall be equidistant from all other columns. For instance, if a continuous length of fence is one hundred (100) feet, there will be four columns: (i) one (1) on each corner; and (ii) one (1) located thirty-three and one-third feet from each of the two (2) corners. To the extent a column location is approved by the Architectural Control Committee, the columns must be either: (i) minimum 6 inches by 6 inches pressure treated or cedar posts; (ii) brick in substantially the same color and style as the brick used for the house located on the Lot or Lots; or (iii) stone in substantially the same color and style as the stone used for the house located on the Lot or Lots.
- (v) Wooden posts must be stained the standard "Sherwin Williams Tobacco Stain" paint color or another color approved by the Architectural Control Committee. It shall not be unreasonable for the Architectural Review Committee deny consent to any color that is not consistent with the wood stain in the remainder of the Community.
- (vi) No columns shall be located along the bluff in order to preserve bluff view corridor.
- (vii) There shall be no curves in any fence unless approved by the ACC as provided herein.

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 ACC or its designee, to be determined in its sole and absolute discretion. Any plans submitted to the ACC shall depict the style of fence, fence material, planned layout of the fence, including locations of any required

columns and type of column to be installed, and detailed dimensions, including location of any existing or planned structures on the Lot or Lots.

Notwithstanding the foregoing, a 6 foot professionally installed wooden privacy fence shall be permitted along the south side of Lot 1. Any replacement of such fence shall be approved by the Architectural Control Committee.

Section 19. 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 20. Air-Conditioning Units. Except as may be permitted by the ACC or its designee, no window air conditioning units may be installed.

Section 21. Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any property. Exterior sculpture, fountains, flag poles, and similar items must be approved by the ACC or its designee.

Section 22. 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 ACC or its designee.

Section 23. Swimming Pools/Jacuzzi Tubs or any such structure. No building, structure or pool (above or in-ground) shall be erected, altered, placed or permitted on any lot except as allowed by written permission by the ACC or its designee.

Section 24. Driveways. Except as may be permitted by the ACC or its designee, driveways shall be constructed with concrete.

Section 25. Exteriors. Except as may be permitted by the ACC 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 untreated wood. All such wood exteriors must be painted or specifically approved by the ACC.

Section 26. Window Coverings. Aluminum foil on window panes, mirrored or reflective glass is not allowed.

Section 27. Chimneys. All chimneys that are on the exterior wall must have either brick or stone on the three exterior sides of the chimney.

Section 28. Park Lot Restrictions. Notwithstanding any other subdivision restrictions, and if applicable, all dwellings and permitted accessory building constructed on lots that abut the Community's designated park area shall have an exterior of at least 95% brick and/or stone construction, including gable ends. The provision may be specifically exempted by the ACC, but will only be considered because of unusual architectural constraints.

Section 29. Mailboxes. Only approved mailboxes can be installed in the community. Each mailbox must be the designated model of the ACC, or its designee.

Section 30. Landscaping. The purpose of this restriction is to promote landscape development of single family residential lots that will preserve and appreciate the value of the development by promoting a high quality, cohesive level of landscaping. These requirements may be altered or amended at the discretion of the ACC.

Guideline for Landscaping Planning:

- (a) Existing vegetation and trees should be preserved whenever possible to provide screening and lend an established feeling to the Community.
- (b) Shrubs should be well distributed, but not necessarily evenly spaced. Shrubs may be used for screening and to minimize the visual impact of driveways and parking areas.
- (c) Earth berms may be used to create a sense of enclosure and to screen driveways, especially if planted with shrubbery.
- (d) Unified mulched planting beds edged in materials such as brick, steel or wood look neat longer and their shape is preserved.
- (e) Exterior building material colors should be considered when selecting flowering trees and shrubs so that colors will not compete with or negate each other.
- (f) It shall be each Owner's responsibility to replace any dead shrubs within thirty (30) days with the same like, kind and size in Subdivision.
- (g) It shall be each Owner's responsibility, at such Owner's sole cost and expense, to remove any dying or dead trees within thirty (30) days after receipt of notice from the HOA. Such removal shall be performed by a licensed and bonded tree removal company.
- (h) Ground cover may include shrubs and low-growing plants such as Liriope, English ivy, Periwinkle, and similar material. Ground cover may also include non-living organic material such as bark.
- (i) All trees shall be preserved, unless removal is part of an approved plan.
- (j) The lot shall be completely landscaped. However, planned natural areas will be allowed provided that the lawn and the natural area form a cohesive whole.
- (k) Each lot Owner must maintain his or her lawn in as good or better condition than its original landscaping plans. It is not the intention of the ACC to monitor every planting but if a lawn at the sole discretion of the ACC has deteriorated then the lot Owner will be required to bring his or her lot into compliance with the guidelines.
- (l) Each Owner must maintain the Lot and keep it free of weeds and debris. This shall apply even if a lot is purchased and construction is delayed, the Owner must maintain the Lot until the start of construction. In the event the Lot becomes, in the sole discretion of either the Declarant or the Board, a distraction or unattractive due to the growth of weeds, grass, or other vegetation, after 5 days notice to the Owner, either the Declarant or the Board may pay to have the Lot mowed or take other necessary action. A lien may then be filed against the Lot in the same manner as for delinquent dues to the Association.

Section 31. Screening of Heating and Cooling Units. All exterior heat and air conditioning compressors or air handlers must be screened from view. This can be accomplished with vegetation, brick and/or stone. If vegetation is used it must create a walled off effect. The screening is encouraged on all sides of the equipment but is required on the front and side.

Section 32. Storage Tanks. Any storage tank located on any Lot requires prior written approval from the ACC. All storage tanks must be screened from street view. This can be accomplished with vegetation, brick and/or stone. If vegetation is used it must create a walled off effect. The screening is encouraged on all sides of the storage tank but is required only with respect to street views.

Section 33. Corner Lots. All corner lots shall be built either caddie-corner to both streets or, parallel to one of the streets.

Section 34. Basketball Goals. No basketball goals, posts or hoops may be erected or constructed on any lot without the prior written consent of the ACC.

Section 35. Exterior Lighting Restrictions.

a. All outdoor luminaires shall be full cutoff, fully shielded, downlight only with low glare, and there shall be no direct glare or bulbs visible from any property outside the Adjoining Property. 60 watt soft white bulbs are preferable. Use of lasers, searchlights, and/or any other high intensity lighting is prohibited. Light Emitting Diode (LED) lighting with blue-rich light output, High Pressure Sodium (HPS) lighting, and Low Pressure Sodium (LPS) lighting, are all prohibited.

b. Notwithstanding the terms of Section 35(a) above, the following shall be permitted: (i) entrance lighting on structures using not more than three conventional shielded or diffused incandescent or LED lighting fixtures for each entrance that do not exceed 1,000 lumens in aggregate light output and having color temperatures not to exceed 3000 Kelvin, and (ii) conventional fully shielded area spotlights not exceeding 5,000 lumens in aggregate light output on the same circuit with conventional LED or incandescent spotlights having color temperatures not exceeding 3000 Kelvin, provided that such spotlights must be aimed at least 60 degrees below horizontal and such spotlights must be used only on a temporary or emergency basis (*i.e.*, they may not be left on overnight, be on a timer or ambient light sensor that automatically turns them on, or be activated by the presence or motion of small animals near the spotlight).

c. If new lighting technology is developed after the date hereof, then the provisions of this Section shall apply to such new technology to achieve the same results contemplated by this Section.

Section 36. Dwelling Restrictions.

(a) All dwellings and permitted accessory buildings constructed on the lots of said subdivision shall have an exterior of at least ninety-five percent stone or masonry brick construction, with no less than ninety-five percent of the exterior of the sides of the dwellings or buildings consisting of stone or masonry brick. Visible unpainted red "sewer brick" will not be allowed.

(b) All dwellings within the Subdivision shall have at a minimum 2,200 square feet of heated living area unless a Special Exception Provision is granted by the ACC

(c) Roofs of dwellings constructed on all of said lots shall be of architectural grade shingles.

(d) All dwellings shall have a roof pitch of 8/12 or greater unless otherwise approved by the ACC.

(e) All dwellings shall have side or courtyard entry garages. No front entry garages will be permitted, except those approved by the ACC. Detached garages are allowed as long as they match the design of the house and have been approved by the ACC.

ARTICLE VII **Insurance and Casualty Losses**

Section 1. Insurance on Common Property. Upon completion of transfer of title of the Common Property from the Declarant to the Association, the Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property and the entry features, if any, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

Upon completion of transfer of title of the Common Property from the Declarant to the Association, the Board may obtain a public liability policy applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million (\$1,000,000.00) Dollars.

The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through the Declarant and to reimburse Declarant for the cost thereof, and Declarant shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Owners upon Declarant and Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant in obtaining such coverage. Notwithstanding anything contained in this Declaration to the contrary, the Board shall not be required to comply with the provisions of this Article if the Board has contracted for or otherwise arranged to obtain the required insurance coverage through the Declarant.

Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the 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 of Directors; 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 of Directors 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 of Directors, its manager, the Owners, 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 or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' 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 the Declarant has an option unilaterally to subject

additional real property to this Declaration as provided in Article IX 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 and twenty (120) days.

Any Mortgagee of Declarant or the Association shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed; provided, however, no Mortgagee of any Lot, unless such Lot is owned by the Declarant, 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 of 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 individual Owner further covenants and agrees that in the event of a partial loss of damage and destruction resulting in less than total destruction, the individual 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 the individual Owner determines not to rebuild or to reconstruct, the individual Owner shall clear the Residence of all debris and return it to substantially the natural state in which it existed prior to the beginning of 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 VIII **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 VII, 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 IX

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 ten (10) years after the recording of this Declaration to subject all or any portion of the real property located within one-half (1/2) mile of the Property described on Exhibit "A" attached hereto, and as it may be amended from time to time, 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. The rights reserved unto Declarant to subject additional land to the Declaration 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 or 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.

ARTICLE X

Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Lots 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 Lot 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 Lot 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 Lot 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. 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 Lot 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 3. 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 Lot.

Section 4. Amendment by Board. Should the Veterans Administration or the Federal National Mortgage Association subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause amendments to this Article to be recorded to reflect such changes.

Section 5. Applicability of Article X. 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 6. 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 XI

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, 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 Lot 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 there under shall not cancel or terminate any rights, easements or 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 Lot 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 the Declarant has an option unilaterally to subject additional real property to this Declaration as provided in Article IX hereof, by the Declarant.

An Owner's right of use and enjoyment in and to the Common Property and facilities locate thereon shall extend to the members of his or her family and guests. Land 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 case in a referendum on the issue) and, so long as the Declarant has an option unilaterally to subject additional Real Property to this Declaration as provided in Article IX 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 Lot to obtain access to such Common Property.

Section 3. Reserved Easements for the Provision of Services to the Community. There is hereby reserved to the Declarant, its successors and assigns blanket easements upon, across, above and under all real property within the Community for access, ingress, egress, installation, repairing, replacing, maintaining, and removing rights-of-way, drainage facilities, flood way 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 the Declarant might decide to have installed to serve the Community or any portion thereof. It shall be expressly permissible for the 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.

ARTICLE XII **Amenities/Financing of Amenities**

Section 1 Amenities. Notwithstanding anything else in this Declaration to the contrary, the Declarant shall have unilateral right, but not the obligation, to construct a clubhouse, pool, or other amenities within the Common Areas of the Subdivision (collectively or individually, the "Amenities"). The determination of whether Amenities will be constructed in the Common Areas will be determined in the sole and absolute discretion of the Declarant. This right shall include the express right to determine the type and quality of Amenities.

Section 2. Financing of Amenities. Notwithstanding anything else in this Declaration to the contrary, Declarant may unilaterally exercise, enforce, and carry out the rights of the Association to mortgage, pledge, or hypothecate any or all of the real property, including without limitation any clubhouse, pool, or other amenities, located within the Common Areas of the Subdivision. The rights described in this Article XII, Section 2 shall include the express right to obtain construction and/or permanent financing or refinancing for the Amenities. The maker under any promissory note will be the HOA, as executed by Declarant. Any Mortgagee may rely on this Article XII as affirmative and full evidence of the authority of Declarant to execute such loan documents, on behalf of the HOA, as may be reasonable and necessary to carry out the rights set forth in this Article XII. The Declarant's rights set forth in this Article XII shall not be subject to review or vote by the members of the Subdivision.

ARTICLE XIII **Woodland's Option to Repurchase**

Woodland shall be the exclusive builder in the Subdivision until all Lots have been sold by Declarant. The Owners in the Subdivision share a material interest that the Lots be developed in an orderly, uniform, and continuous manner. Accordingly, each Owner who purchases a Lot in the Subdivision is required to enter into a sales contract with Woodland with respect to construction of a home on such Lot or Lots ("Contract"), (ii) make selections from the "Woodland Dream Studio" and execute any necessary documentation related thereto; and (iii) provide proof of financing to Woodland, all within twelve (12)

months after the Closing (the "Option Date"). If the above conditions (i) through (iii) have not been satisfied by the Option Date, then Declarant shall have the right (but not the obligation) to re-purchase the applicable Lot or Lots upon payment of the Purchase Price (as such term is defined in the Lakewood Lot Purchase Agreement executed between Diltina and the Owner of the applicable Lot or Lots) to Purchaser. Declarant's option to re-purchase the Property (the "Option") will be effective for a period of twelve (12) months after the Option Date. After providing written notice to Purchaser of its election to exercise the Option, Declarant shall have forty-five (45) days to close on the re-purchase of the applicable Lot or Lots. Declarant will pay all closing costs associated with exercise of the Option.

ARTICLE XIV

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 Protective Covenants 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, Declarant, 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 cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

After failure of any Owner to cure a violation under the terms and conditions of this Declaration after ten (10) days notice and opportunity to cure, the Declarant or Board, as the case may be, shall have the right to impose a fine of up to 200.00 per Lot per occurrence (the "Fine") for a violation of the terms and conditions of this Declaration. For every day after the tenth (10th) day that the violation continues, the Declarant or Board, as the case may be, shall have the right to increase the Fine by \$5.00 dollars per day. The Fine shall be considered an Assessment as such term is used in Article IV herein.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Board or its duly authorized agent shall have the power to enter upon a Residence or any portion of a Lot or any other part of the Community to abate or remove, using such force as may be reasonably necessary, without limitation any erection, tree, shrubbery, landscaping, improvement, or 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 at least ten (10) days' written notice of its intent to exercise self-help. All costs incurred shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Durations. 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 the Declarant has an option unilaterally to subject additional Real Property to this Declaration as provided in Article IX 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 therefor, 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 Lots and Residences subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure Mortgage loans on the Lots and 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 IX hereof, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not adversely affect title to the Real Property of any Owner 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 vote of the total Association vote entitled to vote thereon or two-thirds (2/3) of the Board and, so long as the Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article IX hereof, the consent of the Declarant. In the event of a conflict between the Board and the Association, the Board's decision controls. 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 the Declarant has an option unilaterally to subject additional property to this Declaration as provided in Article IX hereof, the consent of the 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. Indemnification. The Association shall indemnify every officer and Director against any and all expenses, including attorney's 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 10. 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 IX 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 the Property, 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 11. 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 the 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 12. Audit. An audit of the accounts of the Association may be made annually in such manner as the Board may decide. Upon written request of any institutional holder of a first Mortgage, such holder, upon payment of the costs associated therewith, shall be entitled to receive a copy of a financial statement within ninety (90) days of the date of the request.

Section 13. Notice of Sale. 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. If an Owner fails to notify the Board of such a sale, then the Owner will be personally responsible for any uncollected dues (for the subsequent year) and the Board reserves the right to obtain a judgment against the Owner for any such uncollected dues.

Section 14. 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 15. 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 IX 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 other having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 16. 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 17. Deviations. The Board or its designee or the declarant so long as the 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.

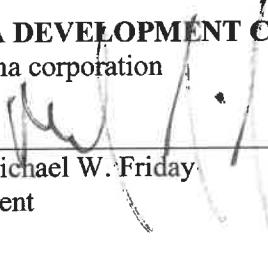
Section 18. Use of Word "Lakewood". No Person shall use the word "Lakewood" or in the name of any commercial or residential building or any commercial or residential business or enterprise or in any printed or promotional material without the prior written consent of the Declarant. However, Owners or Occupants may use the term "Lakewood" in printed or promotional matter where such term is used solely to specify that particular property is located within subject Subdivision.

Section 19. Architectural Control Committees. Unless relinquished earlier, the Declarant shall have complete control of the ACC for so long as it shall own property in the Community, as expanded, plus an additional six-month period. Declarant shall have veto power over the Board as set forth in the Bylaws.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, the undersigned, have executed this instrument under seal this the 1 day of JUNE, 2022.

DILTINA DEVELOPMENT CORPORATION,
an Alabama corporation

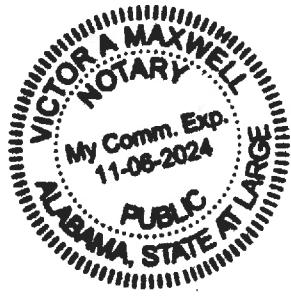
By: 
Name: Michael W. Friday
Its: President

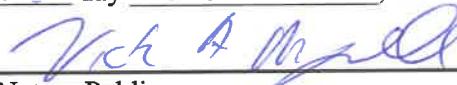
STATE OF ALABAMA

COUNTY OF MADISON

I, the undersigned Notary Public in and for said county and state, hereby certify that Michael W. Friday, President of DILTINA DEVELOPMENT CORPORATION, an Alabama corporation, whose name 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 president and will full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 1 day JUNE, 2022.




Notary Public

My Commission Expires:
11-06-2024

This instrument prepared by:

Thompson Burton PLLC
One Franklin Park
6100 Tower Circle, Suite 200
Franklin, TN 37067
(615) 465-6000

EXHIBIT "A"

Legal Description of the Property

All those certain lots or parcels of land situated in Limestone County, Alabama, and being more particularly described as follows:

Lots 1 through 9, 75 through 108, CA 1, CA 2, and CA 3, according to Phase 1 Lakewood Subdivision, as recorded Plat Book K, Pages 158-160, in the Office of the Judge of Probate of Limestone County, Alabama.

EXHIBIT "B"**Definitions**

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

- a) "Association" or "HOA" shall mean Lakewood Home Owners Association, Inc., a non-profit Alabama corporation, its successors and assigns. The "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under Alabama Corporate Law.
- b) "ACC" means the Architectural Control Committee.
- c) "By-Laws" shall refer to the By-Laws of the Association and incorporated herein by reference.
- d) "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.
- e) "Community" or "Subdivision" shall mean and refer to that certain real property and interests therein described in Exhibit "A", attached hereto, and (i) such additions thereto as may be made by Declarant by Supplementary Declaration; and (ii) such additions thereto as may be made by the Association by Supplementary Declaration of other real property.
- f) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, must be consistent with the Community-Wide Standard originally established by the Declarant.
- g) "Declarant" shall mean and refer to Diltina Development Corporation, an Alabama corporation, and its successors in interest and assigns; provided any conveyance or assignment of "Declarant's Rights" must be in writing, specifically state that it represents an assignment of Declarant's Rights, and include an assumption of liabilities and obligations under the Declaration. Any such assignment must be properly recorded with the Probate Court for Limestone County, Alabama to be an effective assignment of Declarant's Rights.
- h) "Lot" or "Lots" shall mean any plat of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single-family dwelling site as shown on a plat recorded or to be recorded in the land records of the county whether the Community is located. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association.
- i) "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.
- j) "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.

- k) "Occupant" shall mean any Person occupying all or any portion of a residence 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.
- l) "Owner" shall mean and refer to the record Owner, whether one or more persons, of the fee simple title to any Lot located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.
- m) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.
- n) "Supplementary Declaration" means an amendment or supplement to this Declaration which subjects additional property to this Declaration or imposes, expressly or by reference, additional restrictions and obligations on the land described therein, or both.
- o) "Woodland" means Woodland Homes of Huntsville, Inc., its successor or assigns.

Recording Fee	109.00
TOTAL	109.00

XM
15.00
1.00
16.00

RLPY 2024 19214
Recorded In Above Book and Page
03/20/2024 12:13:16 PM
Charles C. Woodroof
Judge of Probate
Limestone County, AL

**Prepared by and after Recording
To be Returned to:**

Thompson Burton PLLC
200 Clinton Ave W, Ste 1000
Regions Bank Center
Huntsville, AL 35801
Attn: Walt Burton, Esq.

**FIRST AMENDMENT TO DECLARATION OF
PROTECTIVE COVENANTS FOR LAKEWOOD SUBDIVISION**

This First Amendment to Declaration of Protective Covenants for Lakewood Subdivision (this "Amendment") is made this 19 day of March, 2024, by **DILТИНА DEVELOPMENT CORPORATION**, an Alabama corporation ("Declarant").

BACKGROUND:

A. Declarant recorded Declaration of Protective Covenants for Lakewood Subdivision dated June 1, 2022 recorded in Book 2022, page 53599, Probate Court of Limestone County, Alabama (the "Declaration");

B. Pursuant to Article XIV, Section 4 of the Declaration, Declarant may unilaterally amend the Declaration for any purpose; and

C. Declarant hereby executes this Amendment to amend the Declaration.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) in hand paid, the premises and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, Declarant hereby amends the Declaration as follows:

1. **Recitals; Defined Terms.** The parties hereto acknowledge and agree that the recitals set forth above are true and correct and are incorporated herein by this reference; provided, however, that such recitals shall not be deemed to modify the express provisions hereinafter set forth. Defined terms used herein, but not otherwise defined, shall have the meaning set forth in the Declaration.

2. **Type of Assessments.** Declarant hereby deletes Article IV, Section 2 of the Declaration in its entirety and replace it with the following:

"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) Special assessments, such assessments to be established and collected as hereinafter provided; (c) Transfer assessments, such assessments to be established and collected as hereinafter provided; (d)

capital contribution and assessment at closing; and (e) Specific assessments against any particular Lot which are established pursuant to the terms of this Declaration 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 Owners and Occupants. General Assessments shall be allocated among all Lots in the Community."

3. Date of Commencement of Assessments. Declarant hereby amends Article IV, Section 8 of the Declaration to add the following sentence to the end of the section: "Notwithstanding the foregoing, the Declarant and any Lots owned by Declarant shall be exempt from payment of any assessments due hereunder until title to the subject Lot been sole and conveyed to a third party."

4. Transfer Assessments and Capital Contribution and Assessment at Closing. Declarant hereby amends Article IV of the Declaration to add new Section 15 and Section 16, as follows:

Section 15. Transfer Assessments. In addition to the other assessments authorized herein, the Board may levy transfer assessments on any sale of any Lot subject to the terms of this Declaration. So long as the total amount of transfer assessments allocable to each Lot does not exceed the amount of the current General Assessment in any one (1) fiscal year, the Board may impose the transfer assessment. Any transfer assessment which would cause the amount of transfer 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 real property to this Declaration as provided in Article IX hereof, the consent of Declarant. Transfer assessments shall be collected at the closing of any sale of a Lot subject to the terms of this Declaration. Transfer assessments shall be used for the general benefit of the Association.

Section 16. Capital Contribution and Assessment at Closing. Upon closing, or upon request by the HOA or Declarant subsequent to closing in the HOA's or Declarant's sole discretion, on the purchase of a Lot from a builder to a third party purchaser, on the purchase of a Lot from Declarant to a non-builder owner, and upon any and all future transfers or closings of the same Lot, the purchaser of such Lot shall be required to pay, in addition to said purchaser's pro-rata share of annual Assessments and any other amount required by the Board, the sum of fifty percent (50%) of the current calendar year's Annual Assessment as such purchaser's initial capital contribution to the working capital of the Association. In addition, the purchaser shall also pay a two hundred fifty dollar (\$250.00) set-up fee to the management company retained by the HOA. These assessments may be used by the HOA for its operating expenses. Such capital contribution and fee are not an advance payment of assessments, and they will not be held in any sort of trust or reserve account. Additionally, upon closing with a builder, each purchaser of a Lot shall be required to pay a pro-rata share of the difference in the annual Assessment payable by builders versus the amount of the annual Assessment payable by non-builders for the balance of the current year. The Declarant shall be exempt from the assessment, capital contribution and fee collected pursuant to this section.

5. Amenities, Financing of Amenities and Property Management. Declarant hereby amends Article V of the Declaration to add new Sections 6, 7 and 8 as follows:

Section 6. Amenities. Notwithstanding anything else in this Declaration to the contrary, the Declarant shall have the unilateral right, but not the obligation, to construct a clubhouse, pool, or other amenities on the Common Property of the Community (collectively or individually, the "Amenities"). The determination of whether Amenities will be constructed on the Common Property will be determined in the sole and absolute discretion of the Declarant. This right shall include the express right to determine the type and quality of Amenities.

Section 7. Financing of Amenities. Notwithstanding anything else in this Declaration to the contrary, Declarant or the Board of Directors of the Association (with the prior consent of Declarant) may unilaterally exercise, enforce, and carry out the rights of the Association to mortgage, pledge, or hypothecate any or all of the real property, including without limitation any clubhouse, pool, or other amenities, located within the Common Property of the Community. The rights described in this Article V, Section 7 shall include the express right to obtain construction and/or permanent financing or refinancing for the Amenities. The maker under any promissory note will be the Association. Any Mortgagee may rely on this Article V as affirmative and full evidence of the authority of the Declarant or Board of Directors, as the case may be, to execute such loan documents, on behalf of the Association, as may be reasonable and necessary to carry out the rights set forth in this Article V. The Declarant's rights set forth in this Article V shall not be subject to review or vote by the members of the Community.

Section 8. Property Management. The Board of Directors shall have the right to engage a professional property manager to manage and operate of the Association, which property manager may be an affiliate of Declarant.

6. **Leasing.** Declarant hereby amends Article VI, Section 5 of the Declaration to add the following language after the phrase "residential purposes" in the first line: "on a long-term basis (i.e., greater than six (6) month term and no short term rentals).

7. **ACC Representative.** Declarant hereby amends Article VI, Section 10 of the Declaration to replace "Mike Friday" as the initial representative of the ACC and substitute "Diltina Development Corporation" in his place and stead.

8. **ACC.** Declarant hereby amends the penultimate paragraph of Article VI, Section 10 of the Declaration to replace all references to "thirty (30)" with "forty-five (45)". Declarant amends the second instance of "forty-five (45)" to "forty-five (45) days".

9. **Fencing.** Declarant hereby amends Article VI, Section 18 of the Declaration to delete it in its entirety and replace it with the following:

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 ACC or its designee, to be determined in its sole and absolute discretion. Any plans submitted to the ACC shall depict the style of fence, fence material, planned layout of the fence, including locations of any required columns and type of column to be installed, and detailed dimensions, including location of any existing or planned structures on the Lot or Lots. Fences shall comply with the Community-Wide Standard. Only cedar stained using Sherwin Williams Woodland Custom Fence Stain, arched shadow box style fences shall be permitted in the Community unless approved by the ACC.

10. **Landscaping.** Declarant hereby amends Article VI, Section 30 of the Declaration to:

- (i) Delete the phrase ", steel or wood" from subsection (d); and
- (ii) add the phrase "pursuant to Article VI, Section 12 of this Declaration" to the end of subsection (i).

11. **Notice of Sale.** Declarant hereby amends Article XIV, Section 13 of the Declaration to delete it in its entirety and replace it with the following:

Section 13. Notice of Sale. If an Owner intends to sell his or her Lot, the Owner shall deliver at least fifteen (15) days prior written notice to the Board, the Owner shall pay to the Association any applicable transfer assessments at closing, and deliver the name of the purchaser of the Lot and such other information as the Board may reasonably require. If an Owner fails to notify the Board of such a sale, then the Owner will be personally responsible for any uncollected dues (for the subsequent year), any transfer assessments, and the Board reserves the right to obtain a judgment against the Owner for any such uncollected dues.

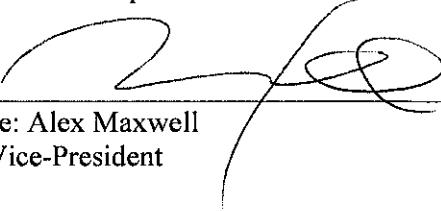
12. **Miscellaneous.** Except as specifically modified and amended hereby, all of the terms, conditions and provisions of the Declaration remain in full force and effect. This Amendment may be executed in multiple counterparts, each one of which shall be deemed an original and one and the same document. This Amendment shall be governed by and construed in accordance with the laws of the State of Alabama.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be executed under seal by their duly authorized officers and representatives as of the day and year first above written

DECLARANT:

DILTINA DEVELOPMENT CORPORATION,
an Alabama corporation

By: 
Name: Alex Maxwell
Its: Vice-President

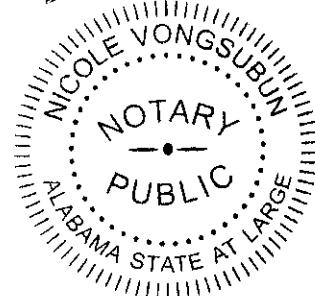
STATE OF ALABAMA

COUNTY OF MADISON

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Alex Maxwell, whose name is signed as Vice-President of Diltina Development Corporation, an Alabama corporation, to the foregoing Amendment, and who is known to me, acknowledged before me on this day, that he signed the foregoing Amendment voluntarily and with full authority on the day the same bears date.

Given under my hands this 19 day of March, 2024.


Nicole Vongsabun
Notary Public



Recording Fee	16.00
TOTAL	16.00

12.00
1.00
13.00

**Prepared by and after Recording
To be Returned to:**

Thompson Burton PLLC
200 Clinton Ave W, Ste 1000
Regions Bank Center
Huntsville, AL 35801
Attn: Walt Burton, Esq.

RLPY 2025 4080
Recorded In Above Book and Page
01/17/2025 01:31:47 PM
Charles C. Woodroof
Judge of Probate
Limestone County, AL

**SECOND AMENDMENT TO DECLARATION OF
PROTECTIVE COVENANTS FOR LAKEWOOD SUBDIVISION**

This Second Amendment to Declaration of Protective Covenants for Lakewood Subdivision (this "Amendment") is made this 15th day of January, 2025, by **DILTINA DEVELOPMENT CORPORATION**, an Alabama corporation ("Declarant").

BACKGROUND:

- A. Declarant recorded Declaration of Protective Covenants for Lakewood Subdivision dated June 1, 2022 recorded in Book 2022, page 53599, Probate Court of Limestone County, Alabama (the "Declaration");
- B. Pursuant to Article XIV, Section 4 of the Declaration, Declarant may unilaterally amend the Declaration for any purposes; and
- C. Declarant hereby executes this Amendment to amend the Declaration.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) in hand paid, the premises and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, Declarant hereby amends the Declaration as follows:

1. **Recitals; Defined Terms.** The parties hereto acknowledge and agree that the recitals set forth above are true and correct and are incorporated herein by this reference; provided, however, that such recitals shall not be deemed to modify the express provisions hereinafter set forth. Defined terms used herein, but not otherwise defined, shall have the meaning set forth in the Declaration.
2. **Additional Land.** Declarant hereby amends Exhibit "A" of the Declaration to add the real property described in Exhibit "A-1" attached hereto (the "Lakewood, Phase 2A") to the definition of "Property". Lakewood, Phase 2A is hereby subjected to the terms of the Declaration.

3. **Miscellaneous.** Except as specifically modified and amended hereby, all of the terms, conditions and provisions of the Declaration remain in full force and effect. This Amendment may be executed in multiple counterparts, each one of which shall be deemed an original and one and the same document. This Amendment shall be governed by and construed in accordance with the laws of the State of Alabama.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be executed under seal by their duly authorized officers and representatives as of the day and year first above written

DECLARANT:

DILTINA DEVELOPMENT
CORPORATION,
an Alabama corporation

By: 
Name: Alex Maxwell
Its: Vice-President

STATE OF ALABAMA

COUNTY OF MADISON

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Alex Maxwell, whose name is signed as Vice-President of Diltina Development Corporation, an Alabama corporation, to the foregoing Amendment, and who is known to me, acknowledged before me on this day, that he signed the foregoing Amendment voluntarily and with full authority on the day the same bears date.

Given under my hands this 16th day of Jan, 2025.

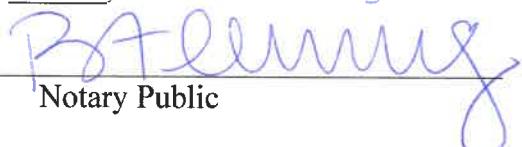

Notary Public



EXHIBIT "A-1"**Legal Description**

Land in Limestone County, Alabama, being Lots 10 through 23, 43 through 67, Tract B2, on the Final Plat of Lakewood Subdivision Phase 2A, recorded December 18, 2024 in Plats Book L, Page 194, Probate Court of Limestone County, Alabama, to which plan reference is hereby made for a more complete description.

Recording Fee	13.00
TOTAL	13.00

15.00
100
16.03

Prepared by and after Recording
To be Returned to:

Thompson Burton PLLC
200 Clinton Ave W, Ste 1000
Regions Bank Center
Huntsville, AL 35801

**THIRD AMENDMENT TO DECLARATION OF
PROTECTIVE COVENANTS FOR LAKEWOOD SUBDIVISION**

This Third Amendment to Declaration of Protective Covenants for Lakewood Subdivision (this Amendment) is made this 1 day of January, 2026, by **DILTINA DEVELOPMENT CORPORATION**, an Alabama corporation ("Declarant").

BACKGROUND:

A. Declarant recorded Declaration of Protective Covenants for Lakewood Subdivision dated June 1, 2022 recorded in Book 2022, page 53599, Probate Court of Limestone County, Alabama, as amended by First Amendment to Declaration of Protective Covenants for Lakewood Subdivision dated March 19, 2024 recorded in Book 2024, page 19214, aforesaid records (the "First Amendment"), as further amended by that certain Second Amendment to Declaration of Protective Covenants for Lakewood Subdivision dated January 15, 2025 recorded in Book 2025, page 4080, aforesaid records (the "Second Amendment"), and together with the Declaration as amended, the "Declaration");

B. Pursuant to Article XIV, Section 4 of the Declaration, Declarant may unilaterally amend the Declaration for any purpose; and

C. Declarant hereby executes this Amendment to amend the Declaration.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) in hand paid, the premises and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, Declarant hereby amends the Declaration as follows:

1. **Recitals; Defined Terms.** The parties hereto acknowledge and agree that the recitals set forth above are true and correct and are incorporated herein by this reference; provided, however, that such recitals shall not be deemed to modify the express provisions hereinafter set forth. Defined terms used herein, but not otherwise defined, shall have the meaning set forth in the Declaration.

2. **Assessments.** Article IV, Section 4 of the Declaration is hereby deleted in its entirety and replaced with the following:

“Section 4. Budget. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve. The Board Shall cause the assessments, based upon the Budget, to be levied against each Lot for the following 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 real property to this Declaration as provided in Article IX hereof), impose a General Assessment per Lot which is more than one hundred twenty-five (125%) percent of the General Assessment for the immediately preceding fiscal year. In the event that the Board fails for any reason 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. The Board shall include in its annual Budget for operation of the Association any expected costs related to construction, maintenance, and repair of the amenities within the Community. The initial general assessment shall be One Thousand and 00/100 Dollars (\$1,000.00) and shall be due January 1st of each calendar year.

3. **Capital Contribution and Assessment at Closing.** Article IV Section 16 of the Declaration is hereby deleted and replaced as follows:

“Section 16. Capital Contribution and Assessment at Closing. Upon closing, or upon request by the HOA or Declarant subsequent to closing in the HOA’s or Declarant’s sole discretion, on the purchase of a Lot from a builder to a third party purchaser, on the purchase of a Lot from Declarant to a non-builder owner, and upon any and all future transfers or closings of the same Lot, the purchaser of such Lot shall be required to pay, in addition to said purchaser’s pro-rata share of annual Assessments and any other amount required by the Board, the sum of one hundred percent (100%) of the current calendar year’s Annual Assessment as such purchaser’s initial capital contribution to the working capital of the Association. In addition, the purchaser shall also pay a Two-Hundred Fifty and 00/100 Dollar (\$250.00) set-up fee to the management company retained by the HOA. These assessments may be used by the HOA for its operating expenses. Such capital contribution and fee are not an advance payment of assessments, and they will not be held in any sort of trust or reserve account. Additionally, upon closing with a builder, each purchaser of a Lot shall be required to pay a pro-rata share of the difference in the annual Assessment payable by builders versus the amount of the annual Assessment payable by non-builders for the balance of the current year. The Declarant shall be exempt from the assessment, capital contribution and fee collected pursuant to this section.”

4. **Black Mulch Standard.** Article VI, Section 30 is hereby modified by inserting the following section at the end thereof:

“(m) All mulch utilized on any Lot, within any Common Property bedding area, and within any tree well shall be black mulch (dyed or naturally occurring) unless otherwise approved in writing by the Architectural Control Committee. The use of red, brown, pine straw, or any other mulch color or material is expressly prohibited without such written approval.

5. **Signs.** Article VI, Section 3 is hereby deleted in its entirety and replaced with the following:

“Section 3. Signs. No sign of any kind, including without limitation advertising signs or temporary signs advertising the services of vendors, contractors, or landscape maintenance providers shall be erected, placed, permitted, or maintained upon any Lot, Residence, or portion of the Common Property without the prior written consent of the Architectural Control Committee, except for (a) any entry monumentation or directional signage installed by Declarant or the Association, and (b) one professionally manufactured real-estate sign not exceeding six (6) square feet advertising a Lot or Residence for sale or lease.

Any sign erected or displayed in violation of this Section shall be removed by the Owner or Occupant within twenty-four (24) hours after notice from the Association; failure to timely remove such sign shall constitute a violation subject to the enforcement provisions, fines, and self-help remedies set forth in Article XIV, Sections 1 and 2 of the Declaration.

The provisions of this Section 3 shall not apply to any Person holding a Mortgage who becomes the Owner of any Residence as purchaser at a judicial or foreclosure sale conducted with respect to a first Mortgage or a transferee pursuant to any proceeding in lieu thereof.”

6. **Architectural Review.** The third grammatical paragraph in Article VI, Section 10 is hereby deleted in its entirety and replaced with the following:

“In the event that the ACC fails to approve or to disapprove submitted plans and specifications within thirty (30) business days after such plans and specifications have been submitted, the Owner shall be deemed to have fully complied with this Section, and further approval shall not be required, unless the ACC has requested additional information from the Owner within such initial thirty (30) business day period. If the ACC requests additional information from the Owner within the initial thirty (30) day period, the ACC shall have thirty (30) business days from the Owner’s last written response providing such requested information to approve or disapprove the plans and specifications. If the ACC fails to approve, disapprove, or otherwise correspond with the Owner with the applicable thirty (30) business day period, approval shall not be required and this Section shall be deemed to have been fully complied with. As a condition of approval under this Section, an Owner, on behalf of their 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 ACC, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of their successors-in-interest. The ACC 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 those 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 XII, Section 1, hereof, record in the appropriate land records a notice of violation naming the violating Owner.”

7. **Enforcement.** Article XIV, Section 1 is hereby deleted in its entirety and replaced with the following:

"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 Protective Covenants 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, Declarant, 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 cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

After the first occurrence of any violation of this Declaration by an Owner, the Declarant or the Board, as the case may be, shall provide the Owner with notice of the violation. After the failure of such Owner to cure the violation within ten (10) days of receipt of such notice, the Declarant or Board, as the case may be, shall have the right to impose a fine of up to \$200.00 per Lot per occurrence (the "Fine") for a violation of the terms and conditions of this Declaration, and, for every day after the tenth (10th) day that the violation continues, the Declarant or Board, as the case may be, shall have the right to increase the Fine by \$5.00 dollars per day. For any subsequent violations of this Declaration by the same Owner relating to the same provision previously violated, the Declarant or the Board, in its sole discretion, may impose the Fine for such violation or violations immediately upon determining that the violation has occurred, without providing additional notice or an opportunity to cure, and may further increase such Fine by Five Dollars (\$5.00) per day for each day the violation remains uncorrected. . The Fine shall be considered an Assessment as such term is used in Article IV herein.

For violations related to (A) rubbish, trash, debris, garbage or other waste; and (B) lawn maintenance as set forth in this Declaration, the Owner shall have seventy-two (72) hours from the date of written notice from the Declarant or Board, as the case may be, to cure the violation before enforcement action may be taken by the Board. After failure of any Owner to cure a violation related to lawn maintenance after such seventy-two (72) hour notice and period, the Declarant or Board, as the case may be, shall have the right to impose the Fine as contemplated in the preceding paragraph. For every day after the third (3rd) day after the violation related to (A) rubbish, trash, debris, garbage or other waste; and (B) lawn maintenance continues, the Declarant or Board, as the case may be, shall have the right to increase the Fine by \$5.00 dollars per day."

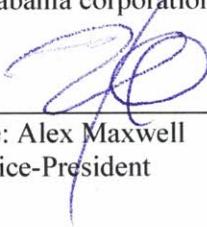
8. **Miscellaneous.** Except as specifically modified and amended hereby, all of the terms, conditions and provisions of the Declaration remain in full force and effect. This Amendment may be executed in multiple counterparts, each one of which shall be deemed an original and one and the same document. This Amendment shall be governed by and construed in accordance with the laws of the State of Alabama.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be executed under seal by their duly authorized officers and representatives as of the day and year first above written

DECLARANT:

DILТИНА DEVELOPMENT CORPORATION,
an Alabama corporation

By: 
Name: Alex Maxwell
Its: Vice-President

STATE OF ALABAMA

COUNTY OF MADISON

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Alex Maxwell, whose name is signed as Vice-President of Diltina Development Corporation, an Alabama corporation, to the foregoing Amendment, and who is known to me, acknowledged before me on this day, that he signed the foregoing Amendment voluntarily and with full authority on the day the same bears date.

Given under my hands this 1st day of January, 2026.


Notary Public



Recording Fees: \$16.00
TOTAL: \$16.00
Page 5 of 5

BY-LAWS
LAKEWOOD HOMEOWNER'S
ASSOCIATION, INC.

Article I

Name, Principal Office, and Definitions

1.1. Name.

The name of the corporation is Lakewood Homeowner's Association, Inc. ("Association").

1.2. Principal Office.

The principal office of the Association shall be located in Limestone County, Alabama. The Association may have such other offices, either within or outside the State of Alabama, as the Board of Directors may determine or as the affairs of the Association may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Protective Covenants for Limestone Subdivision, Recorded in Limestone County, Alabama, as it may be amended and/or supplemented from time to time ("Declaration"), unless the context indicates otherwise, or the meanings given in the Alabama Nonprofit Corporation Act, *Code of Alabama*. Statutory references shall be construed as meaning the referenced statute or portion thereof as the same may exist from time to time.

Article II

Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association shall have two classes of membership, as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board, either within the Community or as convenient as is possible and practical.

2.3. Meetings.

The first meeting of the Association, whether a regular or special meeting, shall be held upon turnover of the Association from the Declarant to the Association or when seventy five percent (75%) of homes in the Community have been sold, whichever is later, unless the Board determines that it is in the best interest of the Community to hold it earlier. Subsequent regular meetings shall be set by the Board at times to be determined in the Board's sole and absolute discretion.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon the delivery of a petition signed and dated by Members representing at least twenty five percent (25%) of the total votes in the Association.

2.5. Notice of Meetings.

Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting and the Class B Member, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. For so long as Declarant owns any property subject to the Declaration or may annex additional property to the Declaration, a copy of the notice shall also be delivered, either personally or by certified mail, return receipt requested, at the address it has registered with the Secretary of the Association, to Declarant not less than ten (10) nor more than fifty (50) days before the date of such meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the

purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association and to the Class B Member at its address on file with the Alabama Secretary of State, with postage prepaid.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing or by electronic transmission signed by the Member entitled to notice and delivered to the Association for inclusion in the minutes for filing with the Association's records, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member or the Member's proxy shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member or proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum is not present, Members or their proxies holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members and Declarant in the manner prescribed for regular meetings.

The Members represented at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

At all meetings of Members, each Member may vote in person (if a corporation, partnership, or trust, through any officer, director, partner, or trustee duly authorized to act on behalf of the Member) or by proxy, subject to the limitations of Alabama law. All proxies shall be either in writing or by electronic transmission specifying the Lot(s) for which it is given, signed by the Member or its duly authorized attorney-in-fact, dated and filed with the Association's Secretary or his or her designee prior to any meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. An electronic transmission must contain or be accompanied by information from which it can be determined that the Member, Member's agent or Member's attorney-in-fact authorized the electronic transmission. Proxies may be delivered to the Board of Directors by personal delivery, U.S. mail or electronic transmission to the Secretary or other officer or agent authorized to tabulate votes. Every proxy shall be revocable and shall automatically cease upon: (a) receipt of notice by the Secretary of the death or judicially declared incompetence of a Member; (b) receipt by the Secretary or other officer or agent authorized to tabulate votes of written revocation signed by the Member; (c) receipt by the Secretary or other officer or agent authorized to tabulate votes of a subsequent appointment form signed by the Member; (d) attendance by the Member and voting in person at any meeting; or (e) the expiration of eleven (11) months from the date of the proxy appointment form unless an earlier date is specified therein.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, Members, or other group, as the context may indicate, totaling more than fifty percent (50%) of the total eligible

number.

2.11. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence, in person or by proxy, of Members representing twenty five percent (25%) of the total votes in the Association shall constitute a quorum at all meetings of the Association. The Members present at a duly called meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough Members to leave less than quorum.

2.12. Conduct of Meetings.

The President or any designee the Board approves shall preside over all Association meetings. The Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting.

Any action required or permitted to be approved by the Members may be approved without a meeting if one (1) or more consents, in writing or by electronic transmission, setting forth the action so taken, shall be signed, either personally or by an electronic transmission, and dated by Members (including the Declarant, if the consent of the Declarant is required) holding the voting power required to pass such action at a meeting held on the record date for such action. The record date for such action shall be the date that the first Member signs a consent. Such action shall be approved when the Secretary receives a sufficient number of such consents dated within seventy (70) days of the record date for such action. If less than unanimous consent is obtained, the approval shall be effective ten (10) days after the Secretary gives written notice of the approval to all Members who did not sign a consent. Each consent in writing or by electronic transmission shall be included in the minutes of meetings of Members filed in the permanent records of the Association. No consent in writing or by electronic transmission shall be valid unless: (1) the consenting Member has been furnished the same material that, pursuant to the Nonprofit Code, would have been required to be sent to Members in a notice of a meeting at which the proposed action would have been submitted to the Members for action; or (2) the written consent contains an express waiver of the right to receive the material otherwise required to be furnished.

2.14. Action by Written Ballot.

Any action that may be taken at any annual, regular or special meeting of Members may be taken without a meeting if approved by ballot in writing or by electronic transmission as provided herein. The Association shall deliver a ballot in writing or by electronic transmission to each Member entitled to vote on the matter and the Class B Member. The ballot in writing or by electronic transmission shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by ballot in writing or electronic transmission shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; and specify the time by which a ballot must be received by the Association in order to be counted. A timely ballot in writing or by electronic transmission received by the Association may not be revoked. Approval by ballot in writing or by electronic transmission of an action shall only be valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The results of each action by ballot in writing or by electronic transmission shall be certified by the Secretary and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

2.15. Record Date.

The Board of Directors shall fix in advance a record date for a determination of Members entitled to notice of and to vote at any meeting of Members or any adjournment thereof, or to make a determination of Members for any other purpose, such date to be not more than seventy (70) days before the date on which the particular action requiring such determination of Members is to be taken.

Article III

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body: Composition.

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by Declarant, the directors shall be Members or residents; provided no Owner and resident representing the same Lot may serve on the Board at the same time. In the case of a Member which is not a natural person, any officer, director, partner, employee, or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by Declarant.

3.2. Number of Directors.

The initial Board shall consist of three (3) directors as identified in the Articles of Incorporation. Thereafter, the Board shall consist of three (3) directors, as provided in Section 3.5 below.

3.3. Directors Appointed by Declarant.

Declarant shall have the right to appoint or remove any Board member or members or any Association officer or officers until such time as the first of the following events shall occur:

- (a) ten years from the date the Declaration was Recorded;
- (b) the date on which all of the Lots permitted under the applicable zoning density for the Community as shown on the Recorded Plat are sold; or
- (c) the surrender by Declarant, in writing, of the authority to appoint and remove the Association's directors and officers.

Declarant shall have the express right to appoint the initial Board and Officers to serve the Association after turnover by the Declarant to the Association.

3.4. Nomination and Election Procedures.

Elected directors shall be nominated from the floor and may also be nominated by a nominating committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualification to the Members and to solicit votes.

After the Declarant's right to appoint directors and officers terminates, the Association shall call a special meeting (or take action under Section 2.13 or Section 2.14 in lieu of a meeting) and the Members shall elect three directors as follows: the initial term of two (2) directors shall be fixed at two (2) years, and thereafter successors shall be elected to a term of two (2) years; the initial term of one (1) director shall be fixed at one (1) year, and thereafter successors shall be elected to a term of two (2) years. At meetings thereafter (or pursuant to Section 2.13 or Section 2.14 in lieu of a meeting), directors shall be elected as necessary to fill vacant seats on the Board. All eligible Members of the Association may vote on all directors to be elected, and the candidates receiving the most votes shall be elected. Notwithstanding anything herein to the contrary, the Members of the Board of Directors shall continue in office until their respective successors shall have been elected and take office.

3.5. Removal of Directors and Vacancies.

Any director elected by the Members may be removed, with or without cause, by Members holding a majority of the votes entitled to be cast. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Members to fill the vacancy for the remainder of the term of such director.

Additionally, any director elected by the Members who has three (3) or more consecutive unexcused absences from Board meetings, or who is more than thirty (30) days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director elected by the Members, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next meeting, at which time the Members shall elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by Declarant nor to any director serving as a representative of Declarant. Declarant shall be entitled to appoint a successor to fill any vacancy on the Board

resulting from the death, disability, or resignation of a director appointed by or elected as a representative of Declarant.

B. Meetings.

3.6. Organizational Meetings.

The first meeting of the Board following each meeting of the membership shall be held within ten (10) days thereafter at such time and place as the Board shall fix.

3.7. Regular Meetings.

After turnover by the Declarant, regular meetings of the Board may be held at such time and place as a majority of the directors shall determine.

3.8. Special Meetings.

Special meetings of the Board of Directors shall be held when called by written notice signed by the President or Vice President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

3.9. Notice: Waiver of Notice.

(a) Notice of the time and place of a regular meeting shall be communicated to directors not less than four (4) calendar days prior to the meeting. Notice of the time and place of a special meeting shall be communicated to directors not less than seventy-two (72) hours prior to the date of the meeting. No notice need be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, computer, fiber optics, or such other electric communication device. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the records of the Association.

Notices sent by first class mail shall be deposited into a United States mailbox at least seven business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting.

(b) The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.11. Quorum of Board of Directors.

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

3.12. Compensation.

Directors shall not receive any compensation from the Association for acting as such. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a

director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.13. Conduct of Meetings.

The President or any designee the Board approves by resolution shall preside over all Board meetings. The Secretary shall keep a minute book of Board meetings recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Open Meetings.

Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude Members, to discuss matters of a sensitive nature, such as pending or threatened litigation and personnel matters.

3.15. Action Without a Formal Meeting.

Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more consents, in writing or by electronic transmission, setting forth the action so taken, shall be signed by a majority of the directors and delivered to the Association for inclusion in the minutes for filing in the corporate records. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.16. Telephonic Participation.

One or more directors may participate in and vote during any meeting of the Board by telephone conference call or any other means of communication by which all directors participating may simultaneously hear each other during the meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

C. Powers and Duties.

3.18. Powers.

The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration and Bylaws ("Governing Documents") and as provided by law. The Board may do or cause to be done all acts and things as are not directed by the Governing Documents or Alabama law to be done and exercised exclusively by the membership generally.

3.19. Duties.

The duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;
- (b) levying and collecting assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;
- (f) making and amending use restrictions and rules in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(i) enforcing by legal means the provisions of the Governing Documents and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association, which enforcement power shall include, without limitation, the power to levy fines as provided herein and in the Declaration in such amounts as from time to time the Board of Directors may deem proper in the circumstances, counting each day a violation continues after notice from the Board of Directors as a separate violation;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Community;

(n) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required under Alabama law, the Articles of Incorporation, or the Declaration; and

(o) authorizing contracts on behalf of the Association.

3.20. Right of Declarant to Disapprove Actions.

So long as Declarant owns any property in the Community or has the right to add additional property to the Community as provided in the Declaration, Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the sole judgment of the Declarant, would tend to impair rights of Declarant or builders under the Governing Documents, or interfere with development of or construction on any portion of the Community, or diminish the level of services being provided by the Association.

(a) Declarant shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association and shall set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

Declarant, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. Declarant, acting through any officer, director, agent, or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action. This right to disapprove may be used to block the proposed actions set forth in subsection (a) above, but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Association. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.21. Management.

The Board of Directors may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. Declarant, or an affiliate of Declarant, may be employed as managing agent or manager. The term of any

management agreement shall not exceed one year and shall be subject to termination by either party without cause and without penalty upon not more than ninety (90) days written notice.

The Board of Directors may delegate to one (1) of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

3.22 Borrowing.

The Association shall have the power to borrow money for any legal purpose; provide, however, except as otherwise provided in the Declaration, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the total amount of such borrowing exceeds or would exceed twenty percent (20%) of the annual budget of the Association.

3.22. Enforcement.

In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, which shall constitute a lien upon the Lot of the violator, and to suspend an Owner's right to vote for violation of any duty imposed under the Governing Documents. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, tenant, employee, guest, or invitee of a Lot violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the occupant; provided, if the fine is not paid by the occupant within the time period set by the Board, the fine shall be assessed against the Lot and its Owner upon notice from the Association. The Board's failure to enforce any provision of the Governing Documents shall not be deemed a waiver of the right to do so thereafter.

(a) Notice. Prior to imposition of a fine (a late charge shall not constitute a fine), the Board, or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days or, in the event of an unapproved sign, twenty-four (24) hours, within which the alleged violator may present a written request for a hearing to the Board; (iv) the name, address and telephone number of the person to contact to challenge the fine; (v) statements, evidence, and witnesses may be produced by the violator at the hearing; and (vi) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days, or twenty-four (24) hours in the event of an unapproved sign, of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period or the twenty-four (24) hour period, as applicable. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted ten (10) day or twenty-four (24) hour period, as applicable, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. .

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules). In addition, the Board shall have the right to file suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

3.23. Board Standards.

While conducting the Association's business affairs, the members of the Board shall act as fiduciaries and are subject to insulation from liability as provided for directors of corporations by Alabama law and as otherwise provided by the Governing Documents. Directors shall exercise the ordinary and reasonable

care of directors of a corporation subject to the business judgment rule.

A director shall act in accordance with the business judgment rule so long as the director:

(a) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;

(b) affirmatively undertakes to make decisions which are necessary for the Association's continued and successful operation and, when decisions are made, they are made on an informed basis;

(c) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions; and,

(d) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

A director acting in accordance with the business judgment rule shall be protected from personal liability. Unless the Governing Documents require that specific action be taken, the failure to take such specific action shall not, without further showing that the Board acted in violation of the business judgment rule, be deemed a violation of a Board duty.

Board determinations of the meaning, scope, and application of Governing Document provisions shall be upheld and enforced so long as such determinations are reasonable. The Board shall exercise its power in a fair, non discriminatory manner and shall adhere to the procedures established in the Governing Documents.

Article IV

Officers

4.1. Officers.

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. President.

The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and directors. The immediate supervision of the affairs of the Association shall be vested in the President. It shall be the President's duty to attend to the business of the Association and maintain strict supervision over all of its affairs and interests. The President shall keep the Board of Directors fully advised about the affairs and conditions of the Association, and shall manage and operate the business of the Association pursuant to and in accordance with such policies as may be prescribed from time to time by the Board of Directors.

4.3. Vice President.

The Vice Presidents), if any, shall act in the President's absence or disability and shall have all powers, duties, and responsibilities provided for the President when so acting, and shall perform such other duties as shall from time to time be imposed upon any Vice President by the Board or delegated to a Vice President by the President.

4.4. Secretary.

The Secretary shall keep the minutes of all meetings of the Members and of the Board of Directors; notify the Members and directors of meetings as provided by these By-Laws and Alabama law; have custody of the records and books of the Association; have custody of the seal of the Association; affix such seal to any instrument requiring the same; attest the signature or certify the incumbency or signature of any officer of the Association; and perform such other duties as the President, or the Board of Directors may prescribe. The Secretary shall perform the duties of the Treasurer of the Association in the absence or disability of the Treasurer.

4.5. Treasurer.

The Treasurer shall keep, or cause to be kept, the financial books and records of the Association, and shall faithfully account for the Association's funds, financial assets, and other assets entrusted to the Treasurer's

care and custody. The Treasurer shall make such reports as may be necessary to keep the President and the Board of Directors informed at all times as to the financial condition of the Association, and shall perform such other duties as the President, or the Board of Directors may prescribe. The Treasurer shall maintain the money and other assets of the Association in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. The Treasurer may provide for the investment of the money and other assets of the Association consistent with the needs of the Association to disburse such money and assets in the course of the Association's business. The Treasurer shall perform the duties of the Secretary of the Association in the absence or disability of the Secretary.

4.6. Election and Term of Office.

The Board shall appoint the officers of the Association at the first meeting of the Board following each meeting of the Members, to serve until their successors are elected.

4.7. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.8. Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the Association's chief executive officer. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.9. Resignation.

Any-officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.10. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.12.

4.11. Additional Officers and Agents.

The Board of Directors may appoint such other officers, including assistant secretaries and assistant treasurers, and agents as it shall deem necessary. Such officers and agents shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Article V Committees

Advisory committees to perform such tasks and to serve for such periods as may be designated by the Board or as provided in the Declaration are hereby authorized (the "Committees"). Each Committee shall be composed and shall operate in accordance with the terms of the Declaration or resolution of the Board of Directors designating the Committee or with rules adopted by the Board of Directors. An advisory Committee shall not be authorized to exercise any authority of the Board under the Articles of Incorporation, the Declaration the By-Laws, and the Use Restrictions and Rules.

Article VI Miscellaneous

6.1. Fiscal Year.

The fiscal year of the Association shall be the calendar year unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (current edition)

shall govern the conduct of Association proceedings when not in conflict with Alabama law or the Governing Documents.

6.3. Conflicts.

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

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Lot, any Member, the Declarant, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the Use Restrictions and Rules, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at the office of the management agent or manager, if any, or at such other place within the Community as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made, and,
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. 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 a copy of relevant documents at the expense of the Association.

6.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, and other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or when sent by United States mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or if by electronic transmission by a form of electronic transmission consented by the Board of Directors as provided in a resolution of the Board of Directors and otherwise in accordance with the Alabama Nonprofit Corporation Act; or,

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section or if by electronic transmission by a form of electronic transmission consented by the Board of Directors as provided in a resolution of the Board of Directors and otherwise in accordance with the Alabama Nonprofit Corporation Act.

6.6 Electronic Records, Signatures and Documents

To the extent permitted by Alabama law, the Declaration and these By-Laws, the Association and its Members, Owners and occupants may perform any obligation or exercise any right by use of any technological means providing sufficient security, reliability, identification and verifiability, which technological means has been approved by the Board in its sole discretion. Acceptable technological means of creating an electronic transmission may include, without limitation, electronic communication over the internet, the Community or other network, whether by direct connection, internet, telecopier or e-mail. An electronic transmission which is transmitted by a Member that evidences a Member's consent or approval on a ballot, requests or demands an action to be taken by the Association, or provides notice to the Association under these By-Laws or the Declaration shall be deemed to be written, signed, and dated for the purposes of these By-Laws and the Declaration, provided that any such electronic transmission sets forth or is delivered with information from which the Association can determine: (1) that the electronic

transmission was transmitted by the Member and (2) the date on which such Member transmitted such electronic transmission. The date on which such electronic transmission is transmitted shall be deemed to be the date on which such consent, request, demand, or notice was signed. Except as may be otherwise provided in the Declaration or these By-Laws, records, signatures and notices which are accepted, created or given by the Board shall not be denied validity or effectiveness hereunder solely on the grounds that they are transmitted, stored, made or presented electronically,

(a) Use of Electronic Signatures. Whenever the Declaration or these By-Laws authorize an electronic communication, the Board may accept an electronic signature as valid if:

(1) the signature is easily capable of verification, under the sole control of the signatory, and attached to the electronic document in such a way that the document cannot be modified without invalidating the signature; or,

(2) the Board reasonably believes that the signatory affixed the signature with the intent to sign the electronic document, and that the electronic document has not been modified since the signature was affixed.

(b) Verification and Liability for Falsification. The Board may require reasonable verification of any electronic signature, document, record or instrument. Pending verification, the Board may refuse to accept any electronic signature, document, record or instrument which, in the sole discretion of the Board, is not clearly authentic. Neither the Board nor the Association shall be liable to any Member or any other Person for accepting or acting in reliance upon an electronic signature or electronic document which the Board reasonably believes to be authentic. Any Member or Person who negligently, recklessly or intentionally submits any falsified electronic document or unauthorized electronic signature shall fully indemnify the Association for actual damages, reasonable attorneys' fees and expenses incurred as a result of such act(s).

(c) Non-technology Alternatives. If any Owner, occupant or third party does not have the capability or desire to conduct business using electronic or other technological means, the Association shall make reasonable accommodation, at its expense, for such person to conduct business with the Association without use of such electronic or other means until such means has become generally (if not universally) accepted in similar projects in the area.

6.7. Amendment.

(a) By Declarant. So long as Declarant has the right to appoint and remove officers and directors, Declarant may unilaterally amend these By-Laws for any purpose. Thereafter, Declarant may amend these By-Laws if such amendment is specifically required to enable any governmental or institutional lender, purchaser, guarantor, or insurer of mortgage loans to make, purchase, insure, or guarantee mortgage loans on the Lots; provided that any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing.

(b) By Members. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing at least two-thirds (2/3) of the total votes in the Association, and the consent of Declarant, so long as Declarant has the right to appoint and remove officers and directors. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws 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 or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

If a Member consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Member has the authority so to consent and no contrary provision in any Mortgage or contract between the Member and a third party will affect the validity of such amendment.

[Signatures Commence on Following Page]

Adopted on this _____ day of _____, 2022.

Lakewood Homeowner's Association, Inc.