

This Instrument Was Prepared By:
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2700 Highway 280 East Suite 160
Birmingham, Alabama 35223

ARTICLES OF INCORPORATION

OF

The COVE AT LAKE MITCHELL OWNER'S ASSOCIATION, INC.

The undersigned, acting as incorporator of a nonprofit corporation under the Alabama Nonprofit Corporation Act, Code of Alabama 1975, Section 10-3A-1 et seq. (the "Act"), adopt the following Articles of Incorporation for such corporation:

FIRST: NAME: The name of the corporation shall be The COVE AT LAKE MITCHELL OWNER'S ASSOCIATION, INC., hereinafter referred to as the "Association."

SECOND: DURATION: The period of its duration is perpetual.

THIRD: PURPOSES: The general nature, objects and purposes for which the Association is organized are to establish an entity:

1. To provide for the efficient preservation of the appearance, value and amenities of the property (hereinafter referred to as the "Property") which is subject to the Declaration of Protective Covenants for The Cove at Lake Mitchell, 1st Sector, recorded in Book # 10, at Page 556, in the Office of the Judge of Probate of Coosa County, Alabama. (hereinafter referred to as "Declaration").

2. To own and maintain, repair and replace the general and/or Common Areas of the Property including structures, landscaping and other improvements in and benefitting the Property for which the obligation to maintain has been delegated and accepted.

Recording Fee 25.00, TOTAL 25.00
CLAYTON T. SWEENEY, ATTORNEY AT LAW

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Terry Mitchell, Probate Judge, Coosa County, Alabama

3. To control the specifications, architecture, design, appearance, elevation and landscaping of all improvements and structures of any kind, including, without limitation, buildings, fences, walls, signs, lighting systems, site paving, grading, screen enclosures, sewers, drains, landscaping, landscape devices or objects and/or other structures constructed, placed or permitted to remain on the Property, as well as any alteration, improvement, addition and/or change therein, thereof or thereto, all in accordance with the Declaration.

4. To provide, purchase, acquire, own, replace, improve, maintain and/or repair such real property, buildings, structures, street lights, landscaping, paving or other improvements in and/or benefiting the Property for which the obligation to so maintain and repair has been, or may be, delegated to, and accepted by, the Association.

5. To provide services, the responsibility for which has been, or may be, delegated to, and accepted by, the Association.

6. To operate without profit for the sole and exclusive benefit of its members.

7. To perform any and all other functions contemplated of the Association or otherwise undertaken by its Board of Directors in accordance with the Declaration.

FOURTH: POWERS: The powers of the Association shall include and be governed by the following provisions:

A. The Association shall have all of the common law and statutory powers, authority and privileges generally granted to nonprofit corporations under the laws of the State of Alabama. The Association shall have such additional powers as are reasonably necessary or appropriate to implement and effectuate the purposes of the Association and as are not inconsistent with these Articles, and the Declaration, as they may from time-to-time be amended, including, without limitation:

1. To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration, Articles, By-Laws, or any Rules and Regulations adopted pursuant thereto, and to enforce the provisions thereof.

2. To maintain, repair, replace, operate and manage the Common Areas, and such other parts or parcels of the Property or other property adjacent thereto as may be delegated to, and accepted by, the Association, including, the right to make further improvements to the Common Areas or such other property.

3. To purchase, lease, hold, operate, sell, trade, dedicate, transfer, mortgage or otherwise acquire or dispose of interests in real or personal property in connection with the affairs of the Association.

4. To promulgate, amend and enforce rules, regulations, By-Laws, covenants, restrictions and agreements in connection with and to effectuate the affairs and purposes of the Association and to enforce by legal means the provisions of the Articles or the Declaration.

5. To fix, levy, collect and enforce payment of all assessments or charges to be levied against Lots (as defined in the Declaration) within the Property pursuant to the terms of the Declaration and By-Laws, and to defray all costs and expenses in connection therewith, as well as the costs and expenses of effectuating the objects and purposes of the Association, and to create reasonable reserves for such costs and expenses.

6. To borrow money, and, from time to time to make, accept, endorse, execute and issue debentures, promissory notes or other obligations of the Association for monies borrowed, in payment of property acquired, or for any of the other purposes of the Association, and to secure the repayment of any such obligation by mortgage, pledge or other instrument of trust, or by lien upon, assignment of, or agreement in regard to, all or any part of the property, rights or privileges of the Association, wherever situated.

7. To pay taxes and other charges, if any, on or against any property, if any, owned by the Association.

8. To charge recipients for services rendered by the Association and to charge the user for use of Association property when such is deemed appropriate.

9. To participate in mergers or consolidations with any other nonprofit corporation or association, which may perform similar functions, located within the general vicinity of the Property.

10. To employ such personnel or to enter into, make, perform or carry out contracts with others to effectuate the aforesaid purposes with any person, firm, corporation, association or other entity and so contract for the management of the Association and to delegate to such contractors all powers and duties of the Association.

11. To delegate power or powers where such is deemed to be in the interest of the Association.

12. To purchase insurance for the protection of the Association, its officers, directors or members. Insurance maintained by the Association shall include, but not be limited to, coverage of the Association property against loss by fire, windstorm, rainstorm, flood and other such hazards as to which the Association may desire coverage, and liability insurance against any risk, such as death, personal injury, or damage to the property, as well as fidelity bonds as may be in the discretion of the board reasonably necessary.

13. The objects and purposes set forth in the Third Article of these Articles shall be construed as powers as well as objects and purposes, and the Association shall have and may exercise such powers as if such powers were set forth in full herein.

14. The Association shall have and may exercise all powers set forth in any other Article of these Articles of Incorporation.

15. All funds and title of properties acquired by the Association and the proceeds therefrom shall be held in trust for the members in accordance with the provisions of the Declaration and the Articles and By-Laws of the Association.

16. The Association shall manage and administer the common affairs and expenses relating to the Common Areas owned, leased, or operated by the Association and, to that end, shall arrange for goods, services, utilities and insurance coverage (as provided in Paragraph 12 herein) for the common enjoyment, benefit, and protection of the members of the Association. THE ASSOCIATION SHALL HAVE NO OWNERSHIP, POWER OR CONTROL OVER THE

COMMON AREAS OF ANY CONDOMINIUM ESTABLISHED WITH THE COVE LANDS EXCEPT AS SUCH OWNERSHIP, POWER OR CONTROL HAS BEEN EXPRESSLY DELEGATED TO IT BY THE APPROPRIATE DECLARATION OF CONDOMINIUM, OR THE COVENANTS.

FIFTH: MEMBERSHIP, VOTING RIGHTS AND RESTRAINT UPON ASSIGNMENT:

(a) **MEMBERSHIP:** The Members of the Association shall consist of all the record owners, including the Developer, (as defined in the Declaration) of all Cove Lots and Cove Condominium Units that have been platted and/or subjected to the Cove at Lake Mitchell Covenants ('Dedicated Cove Lots' or 'Dedicated Cove Condominium Units'), and each Cove Owner, including the Developer, shall be entitled to one vote for each lot or unit owned (with a fractional vote for a fractional lot or unit owned) and the membership shall be appurtenant to, and may not be separated from, ownership of any Dedicated Cove Lot or Dedicated Cove Condominium Unit (as defined in the Declaration). Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of Coosa County, Alabama, and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted) or upon such ownership interest being divested in some other manner.

(b) **VOTING RIGHTS:** The right of membership of the Association shall be subject to the terms and conditions of these Articles of Incorporation and Bylaws of the Association. Subject to the rights of the Developer contained in Articles Fifth, and Sixth herein, the Bylaws and Declaration of Protective Covenants, the members of the Association will consist of all of the record owners of Dedicated Cove Lots and Dedicated Cove Condominium Units, all as to be provided in the Bylaws or other Cove documents. Each member, including the Developer, shall be entitled to one vote for each Dedicated Cove Lot or Dedicated Cove Condominium Unit of which he is a record owner, on all matters on which such member may vote.

SIXTH: BOARD OF DIRECTORS: The affairs of the Association shall be managed by a Board of Directors consisting of the number of directors as shall be determined by the By-Laws; provided, however, that the Board of Directors shall consist of not less than three directors, and in the absence of a provision in the By-Laws shall consist of three Directors. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws. Vacancies on the Board of Directors shall be filled in the manner provided by the By-Laws.

Notwithstanding the provisions set forth in this Sixth Article, until such time as there is no Lot or Unit without a Dwelling constructed thereon within the Development, or the Developer elects, at their option, to terminate control of the Association, whichever first occurs, CHELSEA DEVELOPMENT, L.L.C., (the "Developer"), its successors and assigns, shall have the sole and exclusive right to (i) elect the members of the Board of Directors of the Association; (ii) appoint the officers of the Association and Members of the Architectural Review Committee ('ARC'); (iii) remove and replace any members of the Board of Directors and members of the ARC and in the event of vacancies, the Developers shall fill vacancies; (iv) amend these Articles of Incorporation and Bylaws; and (v) take all other action on behalf of the Association and vote on all other matters required to be voted on or approved by the members of the Association. At such time as Developer ceases to exercise control over the Association pursuant to this Article Sixth, the members of the Association shall be entitled to vote on all of the foregoing matters subject to any restrictions set forth in the Cove Covenants. Within sixty (60) days after the date of termination of control of the Association by the Developers, the Board of Directors shall call and give not less than ten (10) nor more than thirty (30) days notice of a special meeting of the membership for the purpose of electing the members of the Board of Directors.

The initial Board of Directors shall have three directors. The names and addresses of the members of the Board of Directors who shall hold office until their successors are elected and have qualified, or until such Directors are removed, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Lynal D. Chappell	P.O. Box 92 Westover, AL 35185
William F. Spratlin	P.O. Box 354 Chelsea, AL 35043
Michelle C. Miller	1497 Highway 109 Wilsonville, AL 35186

Any director may be removed, either with or without cause, at any time, by the affirmative vote of a majority of the members at a meeting called for that purpose, and the vacancy in the Board caused by any such removal may be filled by the Developers until such time as there is no Lot or Unit without a Dwelling constructed thereon within the Development, or the Developer elects, at their option, to terminate control of the Association, whichever first occurs as all and in that event by the members at such meeting or at any subsequent meeting in the manner prescribed in the By-Laws for the filling of vacancies on the Board.

SEVENTH: REGISTERED AGENT: The address of the Association's initial registered office is 324 Branch Lake Drive, Chelsea, AL 35043, and the name of its initial registered agent is Lynal D. Chappell, with the same address.

EIGHTH: INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS:

- (a) The Association shall indemnify any person who was or is party or is threatened to be made a part to any threatened, pending, or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Association), by reason of the fact that he is or was a director, office, employee, member, manager or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee, member, manager or agent of the Association, against expenses (including attorney's fees, judgment, fines and amounts paid in settlement, actually and reasonably

incurred by him in connection with such claim, action, suit or proceeding, if he acted in good faith, and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; and, with respect to any criminal action or proceeding, had not reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

- (b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, partner, employee, member, manager or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee, member, manager or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate or wanton misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite that adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

- (c) To the extent that a director, officer, partner, employee, member, manager or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraphs 8(a) and (b) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue, or matter in any such action, suit or proceeding.
- (d) Any Indemnification under Paragraphs 8(a) and (b) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, partner, employee, member, manager or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Paragraphs 8(a) and (b) above, Such determination shall be made: (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, of (3) by a majority vote of the members of the Association.
- (e) Expenses (including attorneys' fee) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in Paragraph 8(d) above upon receipt of an undertaking by or on behalf of the director, officer, employee, member, manager or agent to repay such amount if and to the extent that is shall be ultimately determined that he is not entitled to be indemnified by the Association as authorized in this Paragraph 8.

- (f) The indemnification authorized by this Paragraph 8 shall not be deemed exclusive of and shall be in addition to any other rights to which those indemnified may be entitled under any statute, rule of law, provisions, of these Articles of Incorporation, Bylaws, the Declaration or agreement, or the vote of members or disinterested directors, or otherwise, both as to action in this official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, member, manager or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- (g) The Association shall power to purchase and maintain on behalf of any person who is or was a director, officer, partner, employee, member, manager or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee, member, manager or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Paragraph 8.

NINTH: **CONFLICTS OF INTEREST:** No contract or other transaction between the Association and any person, firm, association or corporation and no other act of the Association shall in the absence of fraud, be invalidated or in any way affected by the fact that any of the directors or the Association are directly or indirectly, pecuniary or otherwise interested in such contract, transaction or other act, or related to or interested in (either as director, stockholder, officer, employee, member or otherwise) such person, firm, association or corporation. Any director of the Association individually, or any firm or association of which any director may be a member of, may be a party to, or may be pecuniary or otherwise interested in, any contract or transaction of the Association, provided that the fact that he, individually, or such firm or association, is so interested, shall be disclosed or known to the Board of Directors or a majority of the members thereof as shall be present at any meeting of the Board of Directors, or of any committee of

directors having the powers of the full Board, at which action upon any such contract, transaction or other act is taken; and if such fact shall be so disclosed or known, any director of the Association so related or otherwise interested may be counted in determining the presence of a quorum at any meeting of the Board of Directors, or of such committee, at which action upon any such contract, transaction or act shall be taken, and may vote with respect to such action with like force and effect as if he were not so related or interested. Any director of the Association may vote upon any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

TENTH: DISSOLUTION: Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

1. Real property contributed to the Association without the receipt of other than nominal consideration by Developers (or its predecessor in interest) shall be returned to Developers, unless it refuses to accept the conveyance (in whole or in part).

2. Remaining assets shall be distributed among the members, subject to the limitations set forth below, as tenants in common, each member's share of the assets to be determined in accordance with its voting rights.

3. Dissolution of the Association shall be accomplished as set forth in the Act.

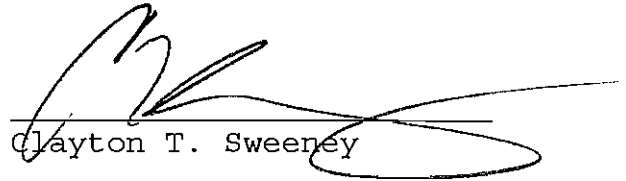
ELEVENTH: AMENDMENT BY ASSOCIATION: The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles in the manner now or hereafter provided by law, and all rights conferred upon officers and directors herein are granted subject to this reservation.

TWELFTH: INCORPORATOR: The name and address of the
incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Clayton T. Sweeney	Mountain Brook Center 2700 Highway 280 East Suite 160 Birmingham, Alabama 35223

WHEREFORE, the incorporator files this, its Articles of Incorporation, and tenders to the Probate Judge of Coosa County Alabama, the lawful fees and charges, and pray that these Articles may be examined and approved, and that the Association may be deemed to be incorporated for the purposes herein set out.

IN WITNESS WHEREOF, the undersigned incorporator have hereon
Subscribed his signature to these Articles of Incorporation this
the 10th day of July, 2006.


Clayton T. Sweeney

Incorporator

**BYLAWS
OF
THE COVE AT LAKE MITCHELL OWNER'S ASSOCIATION, INC.**

**ARTICLE I
THE ASSOCIATION**

Section 1.01. **Name.** The name of this Association shall be "THE COVE AT LAKE MITCHELL OWNER'S ASSOCIATION, INC.", an Alabama nonprofit corporation (the "Association"), which has been formed pursuant to Articles of Incorporation of the Association (the "Articles of Incorporation") which have been filed with the Probate Office of Coosa County, Alabama. The provisions of these Bylaws are expressly subject to the terms and provisions of the Declaration of Restrictive Covenants for The Cove at Lake Mitchell, 1st Sector, as recorded in Book 10 . Page 556 as recorded in the Office of the Judge of Probate of Coosa County, Alabama, (Collectively referred to as the "Original Declaration") (which, together with all subsequent amendments thereto, is hereinafter referred to as the "Declaration"). Capitalized terms not otherwise defined herein shall have the same meanings given to them in the Declaration. Chelsea Development, L.L.C. (the "Developer") is the owner of record of the property subjected to the Declaration and proposes development for multiple uses including single family residential, multi-family residential, condominiums, commercial development, parking facilities, open spaces, landscaping, recreational facilities, Cove Roadways, and other common areas, all to be known at The Cove at Lake Mitchell and all of which may be developed on Chelsea Development, L.L.C. lands described in Exhibit "A".

Section 1.02. **Principal Office.** The principal office of the Association in the State of Alabama shall be located at 324 Branch Lake Drive, Chelsea, AL 35043; Attention: Lynal D. Chappell. The Association may have such other offices, either within or without the State of

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Alabama, as the Board of Directors of the Association (the "Board") may designate from time to time.

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

ARTICLE II

MEMBERS

Section 2.01. **Membership.** Each person who is the record Owner, including the Developer, of any Cove lot and Cove Condominium Units that have been platted and/or subjected to the Cove Covenants (the "Declaration"), either ("Dedicated Cove Lots" or "Dedicated Cove Condominium Units") shall be a member of the Association. Each Cove Owner, including the Developer, shall be entitled to one (1) vote for each Lot owned, as shall be established by recording in the Office of the Judge of Probate of Coosa County, Alabama of a deed or other instrument establishing a record title to a lot in the Dedicated Cove Lot or Dedicated Cove Condominium Unit and the delivery to the Association of a certified copy of such instrument, the owner designated by such instrument thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated provided such prior owner is not a record owner of other lots of the Cove.

Notwithstanding anything provided herein or in the Articles of Incorporation to the contrary, until such time as there is no Dedicated Cove Lot or Dedicated Cove Condominium Unit without a dwelling constructed thereon within the Development , or the Developer elects, at its option, to terminate control of the Association, whichever occurs first, Chelsea Development, L.L.C. (the "Developer") (a) shall have the sole and exclusive right to (i) elect the Board of Directors of the Association; (ii) appoint the officers of the Association and Members of the Architectural Review Committee (*ARC*); (iii) remove and replace any members of the Board of Directors

and members of the ARC and in the event of vacancies, the Developers shall fill vacancies; (iv) amend the Articles of Incorporation and Bylaws; and (v) take all other action on behalf of the Association and vote on all matters required to be voted on or approved by the Association; and (b) the provisions of this Section 2.01 and Sections 2.08, 3.03(a), 3.03(b) and 8.03 below may not be modified or amended without the written approval of Developer. The voting rights of any member who has violated the Declaration or who is in default in the payment of assessments (as defined in the Declaration) may be limited and suspended in accordance with the provisions of the Declaration or any rules and regulations adopted by the Association.

Section 2.02. **Annual Meeting.** The annual meeting of the members of the Association shall be held at seven o'clock P.M. on the first Tuesday of May of each year or at such other time or such other day within such month as shall be fixed by the Board. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. At the annual meeting, the members of the Association shall, subject to the terms of Sections 2.01 and 3.03 of these Bylaws, elect the Board's directors (the "Directors"), review the annual budget for the Association as provided in the Declaration and otherwise transact such other business as may come before such meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the members of the Association, or any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members of the Association as soon thereafter as may be convenient.

Section 2.03. **Special Meetings.** Special meetings of the Association for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or the Board and shall be called by the President or Secretary of the Association upon the petition of at least one-half (1/2) or more of the total votes in the Association.

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

Section 2.05. **Notice of Meeting.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of any annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Board, the President, the Secretary, or the officer of persons calling the meeting, to each member of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the books of the Association, with postage thereon prepaid. If given personally, such notice shall be deemed to have been delivered to the member upon delivery of the same to the Lot of such member.

Section 2.06. **Quorum.** With respect to the annual or any special meeting of the members of the Association, a quorum shall be deemed to exist if members of the Association entitled to cast over 50% of all of the votes of the Association are present, in person or by written proxy, at such meeting. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

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

Section 2.08. **Voting by Members.** Subject to the provisions of Sections 2.01 and 3.03 of these Bylaws, each member of the Association shall be entitled to one (1) vote for each Lot or Unit owned by such member. Developer shall be entitled to one (1) vote for each Lot or Unit owned by Developer. No fractional voting shall be permitted. When more than one person is the owner of a Lot, the provisions of Section 2.01 of these Bylaws shall be applicable to the exercise of such voting rights. For purposes of these Bylaws, the Articles of

Incorporation and the Declaration, the vote of a “majority” of the members of the Association shall mean the vote of more than fifty percent (50%) of the total number of votes represented at a meeting, whether in person or by proxy. Unless a greater proportion is specified in these Bylaws, the Articles of Incorporation or the Declaration and, subject to the terms and provisions of Sections 2.01 and 3.03 of these Bylaws, any matter which requires the vote of, approval, disapproval or consent of the members of the Association shall be deemed to have been given if a “majority” of the members of the Association represented at a meeting, either in person or by proxy, affirmatively vote for, approve, disapprove or consent to the same.

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

Section 2.10. **Proviso.** UNTIL THE DEVELOPER HAS ELECTED TO TERMINATE ITS CONTROL OF THE ASSOCIATION OR UNTIL A DWELLING HAS BEEN CONSTRUCTED ON EACH LOT OR UNIT, WHICHEVER SHALL OCCUR FIRST, THERE SHALL BE NO MEETING OF THE MEMBERS OF THE ASSOCIATION, UNLESS THE MEETING IS CALLED BY THE BOARD OF DIRECTORS, AND ANY SUCH MEETING CALLED BY THE BOARD OF DIRECTORS WILL BE INFORMATIONAL ONLY, AND MEMBERS WILL NOT BE ENTITLED TO A VOTE ON THE ELECTION OF THE BOARD OF DIRECTORS OR ON ANY OTHER MATTER, UNTIL THE DEVELOPER HAS RELINQUISHED SUCH CONTROL.

ARTICLE III
BOARD OF DIRECTORS

Section 3.01. **General Powers.** The business and affairs of the Association shall be managed by or under the direction of the Board.

Section 3.02. **Number, Tenure and Qualifications.** The number of Directors of the Association shall be three (3) to five (5). Each Director shall hold office until his successor shall have been elected and qualified.

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

(a) Until such time as there is not Lot or Unit without a dwelling constructed thereon within the Development, or the Developer elects, at its option, to terminate control of the Association, whichever occurs first (i) all of the members of the Board shall be elected by Developer and (ii) Developer shall have the right at any time and from time to time to remove any Directors, either with or without cause, and may appoint a successor to such removed Director or otherwise fill any vacancies on the Board, without any consent or approval of any of the members.

(b) At such time as Developer relinquishes control, the members of the Association shall elect, by majority vote of the members of the Association, new members of the Board as provided in the Declaration. Thereafter, the members of the Association, by affirmative vote of a majority of the members, shall (i) elect the members of the Board at the annual meeting of the members of the Association and (ii) have the right to remove, either with or without cause, at any time or from time to time, any of the members of the Board and appoint a successor to such removed Director. There shall be no cumulative voting by the members.

Section 3.04. **Regular Meetings.** A regular meeting of the Board shall be held, without further notice than this bylaw, immediately after, and at the same place as, the annual meeting of the members of the Association; provided, however, that any such regular meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all Directors. The Board may provide, by resolution, the time and place, either within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

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

Section 3.06. **Notice.** Notice of any special meeting shall be given either (a) by written notice at least 48 hours in advance of such meeting, delivered in person or by leaving such notice at the place of business or residence of each Director, or by depositing such notice in the United States mail, postage prepaid, addressed to the Director at his address as it appears on the records of the Association; (b) verbally in person or by telephone at least 24 hours in advance of such meeting by communication with the Director in person or by telephone; or (c) by telegram delivered to the telegraph company at least 24 hours in advance of such meeting. Any Director may waive notice of any meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.07. **Quorum.** A majority of the number of Directors fixed by Section 3.02 of these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. If a quorum is present when the meeting is convened, the Directors present may continue to do business,

taking action by a vote of a majority of quorum as fixed above, until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum as fixed above, or the refusal of any Director present to vote.

Section 3.08. **Manner of Acting.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the Articles of Incorporation or these Bylaws.

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

Section 3.10. **Vacancies.** Subject to the control of the Developer, any vacancy occurring in the Board shall be filled by Developer as provided in Section 3.03(a) above. At such time as Developer relinquishes control of the Association, any vacancy occurring in the Board, other than a vacancy occurring by reason of a Director's removal pursuant to Section 3.03(b) of these Bylaws, may be filled by the affirmative vote of a majority of the remaining Directors. In the event that there are no remaining Directors, then the vacancy or vacancies occurring in the Board shall be filled by the affirmative vote of a majority of the members of the Association. A Director elected or appointed to fill a vacancy shall be elected to serve for the unexpired term of his predecessor in office.

Section 3.11. **Compensation.** By resolution of the Association, each Director may be paid their out-of-pocket expenses, if any, of attendance at each meeting of the Board. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

Section 3.12. **Committees.**

(a) The Board, by resolution adopted by a majority of the full Board, may designate from among its members one or more committees, each committee to consist of one or

more of the Directors and each of which committees, to the extent provided in such resolution, shall have and may during intervals between the meetings of the Board, exercise all the authority of the Board, except that no such committee shall have the authority of the Board in reference to issuing capital stock, amending the Articles of Incorporation, adopting a plan of merger or consolidation, filling vacancies in the Board or amending the Bylaws. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or nay member thereof, of any responsibility imposed upon it or him by law.

(b) Notwithstanding anything provided to the contrary in Section 3.12(a) above, until such time as Developer relinquishes in writing its right to appoint and remove all of the members of the ARC, Developer shall have the exclusive right to appoint and remove ARC members as provided in Section 5.02 of the Declaration. Upon written relinquishment of such rights by Developer, the Board shall appoint all members of the ARC in accordance with the provisions of Article V of the Declaration.

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

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

ARTICLE IV
OFFICERS

Section 4.01. **Principal Officers.** The principal officers of the Association shall be elected by the Board and shall include a President, one or more Vice Presidents, a Secretary and a Treasurer and may, at the discretion of the Board, also include a Chairman of the Board and such other officers as may be designated from time to time. Any number of offices may be held by the same person, except the offices of President and Secretary. None of the principal officers need be Directors of the Association.

Section 4.02. **Election of Principal Officers; Term of Office.** Subject to the Developer's control, the principal officers of the Association shall be elected annually by the Board at the first meeting of the Board held after each annual meeting of the members. If the election of principal officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each principal officer shall hold office until his successor shall have been duly elected and qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. If the Board shall fail to fill any principal office at an annual meeting, or if any vacancy in any principal office shall occur, or if any principal office shall be newly created, such principal office may be filled at any regular or special meeting of the Board.

Section 4.03. **Subordinate Officers, Agents and Employees.** In addition to the principal officers, the Association may have such other subordinate officers, agents and employees as the Board may deem advisable, each of whom shall hold office for such period and have such authority and perform such duties as the Board, the Chairman of the Board, the President, or any officer designated by the Board, may from time to time determine. The Board at any time may appoint and remove, or may delegate to any principal officer the power to appoint and to remove, any subordinate officer, agent or employee of the Association.

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

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

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

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

Section 4.08. **Chairman of the Board.** The Chairman of the Board, who must be a member of the Board, shall preside at all meetings of the members of the Association and of the Board at which he is present. The Chairman of the Board shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board.

Section 4.09. **President.** The President shall, in the absence of the Chairman of the Board, preside at all meetings of the members of the Association and of the Board at which he is present. The President shall be the chief executive officer of the Association and, subject to the

control of the Board, shall have general supervision over the business and affairs of the Association. The President shall have all powers and duties usually incident to the office of the President except as specifically limited by resolution of the Board. The President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board.

Section 4.10. **Vice Presidents.** In the absence or disability of the President or if the office of President be vacant, the Vice Presidents, in the order determined by the Board, or if no such determination has been made, in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board at any time to extend or confine such powers and duties or to assign them to others. Any Vice President may have such additional designation in his title as the Board may determine. Each Vice President shall generally assist the President in such manner as the President shall direct. Each Vice President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board or the President.

Section 4.11. **Secretary.** The Secretary shall act as Secretary of all meetings of the members of the Association and of the Board at which he is present, shall record all the proceedings of all such meetings in a minute book to be kept for that purpose, shall have supervision over the giving and service of notices of the Association, and shall have supervision over the care and custody of the records and seal of the Association. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Association under its seal is duly authorized, and when so affixed may attest the same. The Secretary shall have all powers and duties usually incident to the office of Secretary, except as specifically limited by a resolution of the Board. The Secretary shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board or the President.

Section 4.12. **Treasurer.** The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Association and shall cause the funds of the Association to be deposited in the name of the Association in such banks

or other depositories as the Board may designate. The Treasurer shall have all powers and duties usually incident to the office of Treasurer except as specifically limited by a resolution of the Board. The Treasurer shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board or the President.

Section 4.13. **Salaries.** The officers of the Association shall not be entitled to any salaries or other compensation except for expenses incurred on behalf of the Association which shall be reimbursed.

ARTICLE V

FISCAL MATTERS AND BOOKS AND RECORDS

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

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

Section 5.03. **Inspections.** The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member or his agent

or attorney for any proper purpose. True and correct copies of the Articles of Incorporation, these Bylaws, the Declaration, and all rules and regulations of the Association with all amendments thereto, shall be maintained at the principal registered offices of the Association and copies thereof shall be furnished to any member on request on payment of a reasonable charge therefore.

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

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

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

Section 5.07. **Gifts.** The Board may accept, on behalf of the Association, any contribution, gift, bequest or devise for the general purposes, or for any special purpose, of the Association.

Section 5.08. **Fiscal Year.** The fiscal year of the Association shall be the calendar year.

Section 5.09. **Annual Statements.** Not later than four (4) months after the close of each fiscal year, the Board shall prepare or cause to be prepared a balance sheet showing in

reasonable detail the financial condition of the Association as of the close of its fiscal year and an income and expense statement showing the results of its operations during its fiscal year. Such statements may, in the discretion of the Board, be audited statements. Upon receipt of written request, the Treasurer promptly shall mail to any member copies of the most recent such balance sheet and income and expense statement on payment of a reasonable charge therefore.

Section 5.10. **Notices.** Each member shall be obligated to furnish to the Secretary of the Association, the address, if other than the Lot of such member, to which any notice or demand to the Owner under the Declaration of these Bylaws is to be given, and if no address other than such Lot shall have been designated, all such notices and demands shall be mailed or delivered to such Lot.

Section 5.11. **Payment of Taxes on Common Areas and Insurance Premiums.**

The Board shall, to the extent funds are available, cause payment to be made, in a timely manner, all amounts payable by the Association of all Common Expenses of the Association, including all taxes assessed against the Common Areas or Association Property and all insurance premiums.

ARTICLE VI

INSURANCE

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

Section 6.02. **Damage or Destruction to Common Areas.** Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas 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, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the fire or other casualty. The Association shall promptly commence and complete the repair and restoration of any portions of the Common Areas damaged by any such fire or other casualty. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board may levy a special assessment against all members, without the necessity of a vote or the consent or approval of any of the members, as provided in the Declaration, to provide funds to pay such excess costs of repair or reconstruction. Such a special assessment shall be levied against the members equally in the same manner as annual assessments are levied, and additional special assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such special assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payment for such repair or reconstruction as is established by the Board. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association. If it is determined by the Board that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty shall be cleared and the Common Areas left in a clean, orderly, safe, and sightly condition.

Section 6.03 **Condemnation of Common Areas.** Whenever all or any part of the Common Areas of the Condominium shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board, the award made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

(a) If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then the Association shall restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Board and the ARC (as defined in the Declaration). If the award is not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board may levy a special assessment against all members, without the necessity of a vote or the consent or approval of any of the members, as provided in the Declaration, to provide funds to pay such excess costs of repair or reconstruction. Such a special assessment shall be levied against the members equally in the same manner as annual assessments are levied, and additional special assessments may be made at any time during or following the completion of any repair or reconstruction. If the Board determines that such improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association to be used as provided in the Declaration.

(b) If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such improvements is completed, then such award or net funds shall be retained by and for the benefit of the Association.

ARTICLE VII

INDEMNIFICATION

Section 7.01. **Indemnification.** The Association shall, to the fullest extent permitted by applicable law, indemnify any person (and the heirs, executors and administrators of such person), who serves on the ARC or who, by reason of the fact that he is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the

Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, was or is a party or is threatened to be made a party to:

- (a) Any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals, (other than an action by or in the right of the Association), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonable incurred by such person in connection with any such claim, action, suit or proceeding; or
- (b) Any threatened, pending or completed claim, action, suit or proceeding by or in the right of the Association to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding. Any indemnification by the Association pursuant hereto shall be made only in the manner and to the extent authorized by the Articles of Incorporation and applicable law, and any such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may otherwise be entitled.

Section 7.02. **Indemnification Insurance.** The Association shall have the power and authority to purchase and maintain insurance on behalf of any person who is or was a member of the ARC or a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under applicable law.

ARTICLE VIII
GENERAL PROVISIONS

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

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

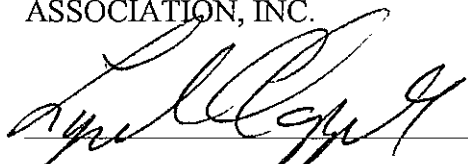
Section 8.03. **Power of Directors to Amend.** The Board shall have the right, power and authority to alter, amend or repeal the Bylaws of the Association or adopt new Bylaws for the Association at any regular or special meeting of the Board. Furthermore, at such time as Developer no longer owns any Lot, the members of the Association, by the affirmative vote of at least two-thirds (2/3) of the total votes in the Association, may alter, amend, or repeal the Bylaws of the Association or adopt new Bylaws for the Association at any annual meeting or at a special meeting called for such purposes.

Section 8.04. **Seal.** The Board may, but shall not be obligated to, provide a corporate seal which shall be circular in form and have inscribed thereon the name of the Association, the state of incorporation and such other words as the Board may prescribe; provided, however, that the use of the seal of the Association on any contract or agreement shall not be required to evidence the validity, authenticity or approval of such contract or agreement.

CERTIFICATE OF SECRETARY

I, the undersigned, the Secretary of THE COVE AT LAKE MITCHELL OWNER'S ASSOCIATION, INC., do hereby certify that the foregoing bylaws, consisting of Articles I to VIII, inclusive, constitute a true and complete copy of the bylaws of the corporation as adopted by written consent of the shareholders during its organizational meeting on the 10th day of July, 2006.

THE COVE AT LAKE MITCHELL OWNER'S
ASSOCIATION, INC.


Secretary

(Corporate Seal)

EXHIBIT A
LEGAL DESCRIPTION

Township 21 North, Range 16 East, Coosa County, Alabama

Section 2: The Southeast Quarter of the Southeast Quarter (SE 1/4 of SE 1/4)

Section 11: The Northeast Quarter (NE 1/4)

All being situated in Coosa County, Alabama.

**DECLARATION OF PROTECTIVE COVENANTS
FOR
THE COVE AT LAKE MITCHELL, 1ST SECTOR**

State of Alabama)
County of Coosa)

This Declaration of Protective Covenants, (hereinafter referred to as the "Declaration") is made this the 10th day of July, 2006, by Chelsea Development, L.L.C., an Alabama Limited Liability Company, (hereinafter referred to as the "Developer or Declarant") which declares that the real property hereinafter described is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens, hereinafter, set forth (sometimes hereinafter referred to as the "Protective Covenants").

RECITALS

A. Whereas, the Developer is presently the owner of all the real property described on Exhibit "A" and proposes to develop the property to be known as The Cove at Lake Mitchell (hereinafter referred to as "Cove Lands").

B. The Developer proposes, but is not obligated, to develop all or part of the Cove at Lake Mitchell in phases for multiple uses including single family residential, multi-family residential, condominiums, commercial development, marinas, parking facilities, boat storage facilities, open spaces, landscaping, recreational facilities, private roadways and other Common Areas, all to be known at The Cove at Lake Mitchell.

C. Developer has caused to be formed a non-profit property owners association known as The Cove at Lake Mitchell Owner's Association, Inc. (the "Association") as defined in Section 1.01 below, which Association will be conveyed fee or leasehold interest in certain common areas and will operate and maintain all private roadways within the Cove at Lake Mitchell.

D. Developer is developing a portion of the Cove Lands composed of approximately 18 acres as the Cove at Lake Mitchell 1st Sector.

E. Developer desires to provide a flexible and reasonable procedure for the development of the Cove at Lake Mitchell in multiple phases and to establish a method for the administration, maintenance, preservation, use and enjoyment of such portion of the Property which may be made subject to these Restrictions.

Whereas, the Developer desires to establish and enforce uniform standards of development quality and to provide for the effective preservation of the appearance, value and amenities of the 1st Sector, which benefit all owners of property therein and, to the end, desires to subject said real property, together with such additions thereto as may hereafter be made to the Protective Covenants, all of which are for the benefit to the said real property and each owner thereof.

NOWHEREFORE, subject to the conditions and limitations described herein, Developer does hereby proclaim that The Cove at Lake Mitchell, 1st Sector, as described on Exhibit "B", shall be held, developed, improved, transferred, sold, conveyed, leased, occupied and used subject to these Covenants, which shall be binding upon and inure to the benefit of the all parties acquiring or having any right, title or interest in the Property and any additional Dedicated Cove Lands, pursuant to Section 2.2 below (but only to the extent the Developer submits any portion of the Cove Lands to the provisions of these Covenants), and their respective heirs, executors, administrators, personal representatives, successors and assigns.

ARTICLE 1

DEFINITIONS

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

1.01 **Association:** The term "Association" shall mean and refer to The Cove at Lake Mitchell Owner's Association, Inc., an Alabama nonprofit corporation, as well as its successors or assigns. This is the Declaration of Protective Covenants to which the Articles of Incorporation, (hereinafter referred to as the "Articles") and By-Laws, (hereinafter referred to as the "By-Laws") of the Association make reference.

1.02 **Assessment:** The term "Assessment or Maintenance Fees" shall mean the annual and special assessments and any other charges assessed against any Cove Lot by the Association pursuant to Article 9.

1.03 **Common Area:** The term "Common Area" shall mean and refer to all real and/or personal property or easements now or hereafter owned or operated, which the Association and/or the Developers own, leases, or has otherwise acquired for the common use and enjoyment of the members of the Association, and all real and/or personal property within or in the vicinity of the Property (hereinafter defined) in which the Association and/or the Developers have an interest for the non-exclusive common use and enjoyment of the Owners of The Cove Lots or Units, members of the Association, the Developer as owner of contiguous lands, their tenants, guests and invitees, including, without limitation, a right of use (such as but not limited to, easements for private roadways for ingress and egress, for surface water collection and retention, easement to maintain the landscape and licenses to use recreational facilities). The Common Areas shall include (a) all private roadways and easements located within the boundaries of the Development that provide ingress and egress from any portion of the Development (other than any such private roadways or easements that are located solely within the boundary lines of any lot, dwelling or Unit) (b) all signage, street lights, lighting, walkways, sidewalks (whether same be located within the Cove Roadways, paths, bicycle and jogging paths and lanes, gates, walls, fences, limited access facilities, Improvements, landscaped or other areas immediately adjacent to any public or private roadways that may be adjacent to or in close proximity with the Development that provide ingress to and egress from any portion of the Development (other than

any such areas located solely within the boundary lines of any Lot, Dwelling or Unit), (c) all lakes, water features, storm drains and sewers, drainage and/or watershed protection or retention ponds, lakes, basins or other areas and facilities located within the Development (other than such areas located solely within the boundary lines of any Lot, Dwelling or Unit), (d) all maintenance areas and parking areas located on any portion of the Development (other than such areas located solely within the boundary lines of any Lot, Dwelling or Unit), (e) all utility lines, pipes, ducts, conduits, equipment, machinery and other apparatus and appurtenances that are located in or serve any portion of the Common Areas (except as such as may be owned by Developer, utility companies or other third parties), (f) all recreational or similar facilities that may be developed by Developer and conveyed to the Association, (g) all parks, nature trails, recreational facilities and areas, (h) all easements and easement areas within the Development (other than such areas located solely within the boundary lines of any Lot), and any other areas or improvements on or within the Development that are designated as Common Areas by Developer or The Cove at Lake Mitchell from time to time. The designation of any land and/or Improvements as Common Areas shall not mean or imply that the public at large acquires any easement of use or enjoyment thereof or any other rights, licenses or benefits therein.

1.04 Condominium: The term "Condominium" shall refer to any condominium which in the future may be developed by Developer or others inside dedicated Cove Lands by a declaration of condominium in future phases of the Development.

1.05 Developers: The term "Developer" shall mean and refer to CHELSEA DEVELOPMENT, L.L.C., or their successors or assigns if such successors or assigns acquire any portion of the Property from the Developers and are designated as successor developers by CHELSEA DEVELOPMENT, L.L.C..

1.06 Dedicated Cove Land: The term "Dedicated Cove Lands" shall refer to that part of the Cove Lands which have been subjected to these covenants by Developer pursuant to a Cove plat, Cove deed, covenants or other instruments recorded in the Probate Office.

1.07 Development: The term "Development" shall mean and refer to that portion of the Cove Lands which Developer, in its sole discretion, shall deem necessary or desirable to develop and submit to these covenants. ALL OTHER CONDITIONS NOTWITHSTANDING, DEVELOPER IS COMMITTED TO DEVELOPING THE COVE, 1ST SECTOR, AND MAY DEVELOP OR NOT DEVELOP ANY REMAINING PORTION OF THE OVERALL PROPERTY, AND MAY OR MAY NOT SUBJECT SAME TO THESE COVENANTS.

1.08 Institutional Mortgagee: The term "Institutional Mortgagee" shall mean and refer to any federal or state chartered bank, life insurance company, federal or state savings and loan association or real estate investment trust or other recognized lending institution that normally and customarily engages in the business of making Mortgage loans, (b) any institutional or governmental purchaser of Mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, and (c) any pension or profit-sharing trust that makes Mortgage loans or that purchases Mortgage loans in the secondary market, which holds a first mortgage or other first lien or charge upon any Lot, dwelling or Unit or portion of a Lot, Unit or any interest therein which is of record in the Office of the Judge of

Probate of Coosa County, Alabama.

1.09 **Cove Lot:** The term “Cove Lot” shall mean and refer, to the individual lots as defined in the Subdivision Regulations of Coosa County, Alabama, if any, and/or as reflected on subdivision plat(s) for the Property as recorded in the Office of the Judge of Probate of Coosa County, Alabama, as the same may be amended from time to time. Any portion of the Property not included in the subdivision plat shall be considered a single Lot.

1.10 **Owner:** The term “Owner” shall mean and refer to one or more persons or entities who or which have fee simple title to any Lot or dwelling, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.11 **Property:** The term “Property” shall mean and refer to all real which is presently or may hereafter be subject to this declaration pursuant to Article II hereof.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION, ADDITIONS THERETO, DELETIONS THEREFROM

Section 2.1 **General.** Developer hereby proclaims that the Property is and shall be subject to the easements, covenants, conditions, restrictions, charges, liens and regulations of these Covenants, and the Property, any part thereof and each Cove Lot and Common Area thereon shall be held, owned, sold, transferred, conveyed, encumbered, leased, occupied, built upon and otherwise used, improved and maintained, subject to the terms of these Covenants, which easements, covenants, conditions, restrictions, charges, liens and regulations shall run with the title to the Property and shall be binding upon and inure to the benefit of Developer and all Owners and Occupants of the Property and any Cove Lot whether unimproved or improved. Developer may, in its sole discretion, subject part of the Cove Lands to these Covenants to be utilized as Cove Lots.

Section 2.2 **Additional Dedicated Cove Lands.** Developer reserves the right, in its sole and absolute discretion, at any time and from time to time during the pendency of these Covenants, to add and submit any additional property to these Covenants and, to the extent any of the additional property is specifically submitted to these Covenants by Developer, then any such additional property shall become dedicated Cove Lands and shall constitute part of the Property. Additional property may be submitted to these Covenants by an instrument executed by Developer in the manner required for the execution of deeds and recorded in the Probate Office of Coosa County, Alabama, which instrument shall be deemed an amendment to these Covenants (which need not be consented to or approved by any Owner, Occupant or Mortgagee of any Cove Lot or Cove Condominium Unit) and shall (a) refer to these Covenants, stating the book and page number in the Probate Office of Coosa County, Alabama, where these Covenants are recorded, (b) contain a statement that such additional property is conveyed subject to the provisions of these Covenants or only specified portions thereof; (c) contain an exact description

of such additional property and (d) state such other or different covenants, conditions and restrictions as the Developer, in its sole discretion, shall specify to regulate and control the use, occupancy and improvement of such additional property. From and after the date on which any amendment to these Covenants is recorded in the Probate Office of Coosa County, Alabama submitting any additional property to the provisions of these Covenants, the number of votes in the Association shall be increased by the number of Cove Lots contained in the additional Dedicated Cove Lands. In no event shall Developer be obligated to submit any additional property to the provisions of these Covenants or to impose any of the covenants, conditions or restrictions set forth in these Covenants upon any real property owned by Developer other than the Property. Notwithstanding anything provided in these Covenants to the contrary, (1) the provisions of this Section 2.2 may not be abrogated, modified, rescinded, supplemented or amended, in whole or in part, without the prior written consent of Developer, and (2) the rights reserved by Developer pursuant to this Section 2.2 shall not be deemed to inure to the benefit of any transferee or purchaser of any Cove Lands, or any portion thereof, unless Developer, in its sole discretion, transfers and conveys to such transferee or purchaser the rights reserved herein by express reference to Section 2.2 of these Covenants.

Section 2.3 **Mutuality of Benefit and Obligation**. The provisions of these Covenants are made (a) for the mutual and reciprocal benefit of each Cove Lot within the Property and are intended to create mutual, equitable servitudes upon and in favor of each Cove Lot, (b) to create reciprocal rights and obligations between the respective Owners and all future and subsequent Owners of any Cove Lot within the Property and (c) to create a privity of contract and estate between the Owners, their respective heirs, successors and assigns.

Section 2.4 **Development of Property**. Subject to the approval of any Governmental Authority with appropriate jurisdiction, Developer shall have the right, but not the obligation, for so long as Developer owns any portion of the Development, until there are no Dedicated Cove Lots or Dedicated Cove Condominium Units without a dwelling constructed thereon within the Development or until such earlier date as Developer elects in its sole discretion to relinquish such right, to make improvements and changes to all Common Areas and to all Cove Lots, Condominium Lots, commercial lots or Condominium Units owned by Developer, including, without limitation, (a) installation and maintenance of any Improvements in or to the Common Areas, (b) changes in the location of the boundaries of any Lot, Dwelling or Unit owned by Developer or of the Common Areas, (c) installation of any water, sewer and any other utility systems and facilities within the Common Areas, and (d) installation of limited access and trash and refuse facilities.

Section 2.5 **Subdivision Plat**. Developer reserves the right to record, modify, amend, revise and otherwise add to, at any time and from time to time, a subdivision plat setting forth such information as Developer may deem necessary with regard to the Property, including, without limitation, the locations and dimensions of all Cove Lots, Condominium Lots, or commercial lots, public or private roads, utility systems, drainage systems, utility easements, drainage easements, access easements, setback line restrictions, lakes, retention ponds and drainage basins. Any such subdivision plats or any amendments thereto shall be binding on the portions of the Property indicated thereon as if such subdivision plat were specifically incorporated into these Covenants. Notwithstanding anything provided to the contrary in these Covenants,

Developer may at any time or from time to time divide and redivide, combine and resubdivide any Lots owned by Developer and change any easement description or relocate any roads affected: thereby, subject to approval of any Governmental Authority having jurisdiction thereof.

ARTICLE 3

ARCHTIECTURAL REVIEW COMMITTEE, DEVELOPMENT AND DESIGN CODE

Section 3.1 Board Composition. The ARC shall consist of not less than three nor more than seven persons, each of whom shall be appointed or elected as provided in Section 3.2 below. The members of the ARC may, but shall not be required to be, members of the Association or Owners of any Cove Lot. The term of office for each member of the ARC shall be three years (coinciding with the fiscal year of the Association). Any member appointed or elected as provided in Section 3.2 below may be removed with or without cause in the manner provided in Section 3.2 below. Each Owner, be acceptance of a deed to or other conveyance to a Cove Lot shall be deemed to ratify the provisions of Section 3.2 below.

Section 3.2 Appointment and Removal of ARC Members.

(a) UNTIL THERE ARE NO DEDICATED COVE LOTS OR DEDICATED CONDOMINIUM UNITS WITHOUT A DWELLING CONSTRUCTED THEREON WITHIN THE DEVELOPMENT OR UNTIL SUCH EARLIER DATE AS DEVELOPER MAY ELECT, IN DEVELOPER'S SOLE DISCRETION, DEVELOPER SHALL HAVE THE SOLE AND EXCLUSIVE RIGHT TO APPOINT AND REMOVE ALL OF THE MEMBER OF THE ARC.

Section 3.3 Approval of Plans and Specifications.

(a) TO PRESERVE THE ARCHITECTURAL AND AESTHETIC APPEARANCE AND THE NATURAL SETTING AND BEAUTY OF THE DEVELOPMENT, TO ESTABLISH AND PRESERVE A HARMONIUS DESIGN FOR THE DEVELOPMENT AND TO PROTECT AND PROMOTE THE VALUE OF THE DEVELOPMENT, THE PROPERTY, THE LOTS, THE DWELLING AND ALL IMPROVEMENTS, THEREON, NO IMPROVEMENTS OF ANY NATURE SHALL BE COMMENCED, ERECTED, INSTALLED, PLACED, MOVED ONTO, ALTERED, REPLACED, RELOCATED, PERMITTED TO REMAIN ON OR MAINTAINED ON ANY COVE LOT OR COMMON AREA BY ANY OTHER OWNER, OTHER THAN DEVELOPER, THAT AFFECT ITS EXTERIOR APPEARANCE UNLESS PLANS AND SPECIFICATIONS THEREFOR HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 2.3(b) BELOW. WITHOUT LIMITING THE FOREGOING, THE CONSTRUCTION AND INSTALLATION OF ANY DWELLINGS, SIDEWALKS, DRIVES, PARKING LOTS, MAILBOXES DECKS, PATIOS, COURTYARDS, SWIMMING POLLS, TENNIS COURTS, GREENHOUSES, PLAYHOUSES, AWNINGS, WALLS, FENCES, EXTERIO LIGHTS, IRRIGATION SYSTEMS, SATELLITE DISHES, RADIO OR TELEVISION ANTENNAS, GAZEBOS, GARAGE OR ANY OTHER OUTBUILDINGS,

SHALL NOT BE UNDERTAKEN, NOR SHALL ANY EXTERIOR ADDITION OR CHANGE OR ALTERATION BE MADE (INCLUDING WITHOUT LIMITATION, PAINTING OR STAINING OF ANY EXTERIOR SURFACE) TO ANY DWELLING, COVE LOT OR COMMON AREA UNLESS THE PLANS AND SPECIFICATIONS FOR THE SAME HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE PROVISIONS OR SECTION 3.3(b) BELOW.

(b) The ARC is hereby authorized and empowered to approve all plans and specifications and the construction of all Dwellings and other Improvements on any part of the Property including Common Areas. Prior to the commencement of any Dwelling or other Improvements on any Lot, Dwelling or Common Area, the Owner thereof (including the Association for Common Areas) shall submit and application to the ARC requesting the ARC to review plans and specification and related data for all such Improvements, as more particularly provided in the Design Code.

(c) The ARC shall, in its sole discretion, determine whether the plans and specification and other data submitted by any Owner for approval are acceptable. One copy of all plans, specifications and related data so submitted to the ARC shall be retained in the records of the ARC and the other copy shall be returned to the Owner submitting the same marked "approved", "approved as noted", or "disapproved". The ARC shall establish a fee to be charged to and paid by each Owner (except the Association) who submits plans and specifications to the ARC for approval, which fee shall be sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys retained to approve such plans and specifications and to monitor and otherwise enforce the terms hereof. Notwithstanding anything provided herein to the contrary, an Owner may make interior improvements and alterations within his Dwelling that do not affect exterior appearance and without the necessity or requirement that ARC approval or consent be obtained. The initial fee shall be \$200.00 per house plan review and may be collected at closing at Developer's discretion.

(d) The ARC shall have the right to disapprove any plans and specifications upon any ground that is consistent with the objectives and purposes of the Covenants, including purely aesthetic considerations, any failure to comply with any of the provisions of the Covenants or the Design Code, failure to provide requested information, objection to exterior design, appearance or materials, objection to the location of any proposed Improvements on any such Lot, objection to the landscaping plan for such Cove Lot or Common Area, objection to the color scheme, finish, proportions, style or architecture, height, bulk or appropriateness of any Improvement. The ARC shall have the right to approve any submitted plans and specifications with conditions or stipulations with which the Owner of such Cove Lot or Common Area shall be obligated to comply and which must be incorporated into the plans and specifications. Approval of plans and specifications by the ARC for Improvements to one particular Cove Lot or Common Area shall not be deemed an approval or otherwise obligate the ARC to approve similar plans and specifications or any of the features or elements for the Improvements for any other Cove Lot or Common Area within the Development.

Section 3.4 Landscaping Approval. In order to preserve, to the extent practicable, the natural landscaping and plant life currently situated on the Property and to enhance the aesthetic appearance of the Property, no landscaping (including the removal or planting of trees, lawns or shrubbery), grading, excavation or fill work of any nature shall be implemented or installed by any Owner, other than Developer, on any Cove Lot unless and until landscaping plans thereof have been submitted to and approved by the ARC. The provisions of Section 3.3 above regarding the method of submitting such plans to the ARC, the time for approval or disapproval of the same and the method of approving modifications or changes thereto shall be applicable to such landscaping plans.

Sections 3.5 Construction Without Approval. If (a) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Cove Lot without ARC approval of the plans and specifications for the same or (b) the ARC shall determine that any approved plans and specifications for any Improvements or the approved landscape plans for any Cove Lot are not being complied with, then, in either event, the Owner of such Cove Lot shall be deemed to have violated these Covenants and the ARC shall have the right to exercise any of the rights and remedies set forth in Section 3.10 below.

(e) If the ARC fails to approve, or approve as noted, in writing any such proposed plans and specifications within sixty days after such plans and specifications have been submitted, then the plans and specifications so submitted will be deemed to have been disapproved.

(f) Any revisions, modifications or changes in any plans and specifications previously approved by the ARC must be approved by the ARC in the same manner specified above.

(g) If construction of the Dwelling or the Improvements has not substantially commenced (by clearing and grading, pouring of footings and otherwise commencing framing and other related construction work) within six months of approval by the ARC of the plans and specifications for such Dwelling or other Improvements, then no construction may be commenced (or continued) on such Cove Lot or Common Area, and the Owner of such Cove Lot or Common Area shall be required to resubmit all plans and specifications for any Dwelling or other Improvements to the ARC for approval in the same manner specified above.

Section 3.6 Inspection. The ARC or any agent, employee or representative thereof may at any reasonable time and from time to time enter upon and inspect any Cove Lot or Common Area or any Improvements being constructed thereon in order to determine whether the approved plans and specifications therefore are being complied with. Any such entry shall not be deemed to be trespass or any other wrongful act by the ARC.

Section 3.7 Limitation of Liability. Notwithstanding anything provided herein to the contrary, neither Developer, the Association, the ARC, nor any agent, employee, representative, member, shareholder, partner, joint venture, officer or director thereof, shall have any liability of any nature whatsoever for any damage, loss or prejudice suffered, claimed, paid or incurred by

any Owner on account of (a) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article 3, (b) any defects, structural or otherwise, in any work done according to such plans and specifications, (c) the failure of any plans, specifications or construction to comply with the applicable federal, state or local laws and regulations including building codes and environmental requirements, (d) the failure to approve or the disapproval of any plans, drawings, specifications or other data submitted by any Owner for approval pursuant to the provisions of this Article 3 (e) the construction or performance of any work related to such plans, drawings and specifications, (f) bodily injuries (including death) to any Owner, Occupant or the respective family members, guests, employees, agents, invitees or licensees of any such Owner or Occupant, or any damage to any Dwellings or Improvements or the personal Property of any Owner or Occupant, or the respective family members, guests, employees, agents, invitees or licensees of such Owner or Occupant, that may be caused by, or arise as a result in any defect, structural or otherwise, in any Dwellings or Improvements or the plans and specifications therefore or any past, present or future soil or subsurface conditions, known or unknown (including, without limitation, geological formations or conditions on or under any Cove Lot), and (g) any other loss, claim, damage, liability or expense, including court costs and attorney's fees, suffered, paid or incurred by any Owner arising out of or in connection with the use and occupancy of any Cove Lot or any Improvements situated thereon.

Section 3.8 Commencement and Completion of Construction. No work, including clearing of Cove Lots, shall commence until approval of the ARC is obtained. Upon commencement of construction of any Dwelling, the construction work thereon shall be prosecuted diligently and continuously and shall be completed within one year of the commencement date of said construction, such completion to be evidenced by a Certificate of Occupancy issued by the appropriate Governmental Authorities or a Certificate of Conformity to be issued by the ARC. During the construction of any Improvements or Dwellings, (i) all Lots and Dwellings shall be maintained in a clean condition, free of debris and waste material; (ii) all unused construction materials shall be stored, to the extent practicable, out of view; and (iii) all construction trash, debris and rubbish on each Lot shall be properly disposed on a regular basis outside the development. Owner should provide a construction waste storage bin or receptacle during the entire construction period. Used construction materials may be burned on-site so long as such burning does not create a nuisance to other Owners or violate the laws, ordinances, codes, statutes, rules or regulations or any Governmental Authority. In no event, however, shall any used construction materials be buried on or beneath any Cove Lot, Dwelling, or any other portion of the development. No Owner shall allow dirt, mud, gravel, or other substances to collect or remain on any street.

Section 3.9 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in these Covenants to the contrary, Developer, its agents, employees, successors and assigns, shall have the right and option to maintain such facilities and carry on such activities as may be reasonably required convenient, or incidental to the completion, improvements and sale of Cove Lots, or the development of Cove Lots or Common Areas within the Cove Lands, including, without limitation, the installation and operation of sales and construction trailers and offices, signs, and model Dwellings, all as may be approved by Developer from time to time; provided, however, that the location of any construction trailers of any assignees of Developer's rights under Section 3.9 shall be subject to Developer's approval.

The right to maintain and carry on such facilities and activities shall include, without limitation, the right to use Dwellings as model residences and as offices for the sale of Cove Lots and related activities.

Section 3.10 Enforcement and Remedies. If any of the provisions of this Article 3 are breached or not otherwise being complied with in all respects by any Owner or Occupant or the respective family members, guest, invitees, agents, employees or contractors of any Owner or Occupant, then the ARC and the Association shall each have the right, but not the obligation, at their option to (a) enjoin any further Construction on any Cove Lot and require the removal or correction of any work in place that does not comply with the plans and specifications approved by the ARC for such Improvements and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Cove Lot and take all action necessary to extinguish such violation or breach and to minimize or remedy erosion caused by such violation or breach, including, but not limited to delays in construction or inadequate erosion control procedures. All costs and expenses incurred by the ARC or the Association in enforcing any of the provisions of the Article 3, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of nonconforming work, the completion of uncompleted work or in any judicial proceeding, together with any other costs or expenses incurred by the ARC or the Association in causing any Owner or such Owner's contractors, agents or invitees to comply with the terms and provisions of this Article 3, shall be paid by such Owner, shall constitute an individual Assessment to such Owner pursuant to Section 10.6 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 10.1 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the right and remedies of the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies that the ARC or the Association may exercise at law or in equity or any of the enforcement rights specified in Article 10 hereafter.

Section 3.11 Compliance Certification. The ARC or any authorized representative thereof shall, upon request and at such reasonable charges as may from time to time be adopted by the Board, furnish to an Owner a certificate in writing setting forth whether all necessary ARC approvals have been obtained and whether any Dwelling or Improvement has been constructed in accordance with the provisions of these Covenants. Any such approval shall not be constructed in any respect as a representation or warranty of the ARC or Developer or the Association that all applicable rules, regulations and requirements of all Governmental Authorities with respect to any such Cove Lot have been fulfilled.

ARTICLE 4

EASEMENTS

Section 4.1 Grant of Nonexclusive Easements to Owners.

(a) **Common Areas**. Subject to the terms and conditions of these Covenants and the rules, regulations, fees and charges from time to time established by the Association Board and the Association, Developer does hereby grant to each Owner and Occupant the nonexclusive right, privilege and easement of access to and the use and enjoyment of the Common Areas in common with Developer, its successors and assigns, and all other Owners and Occupants. Subject to the provisions of Section 4.3(a) herein, the easement and rights granted pursuant to this Section 4.1(a) are and shall be permanent and perpetual, are nonexclusive, are appurtenant to and shall pass and run with title to each Cove Lot. The easement and rights granted pursuant to this Section 4.1(a) are expressly subject to the rights reserved by Developer to restrict access to the Development as provided in Sections 4.3(a) and 4.3(b) below and to take any action necessary or desired in order to cause any of the private roadways within the Development to be dedicated and accepted public roadways by any Government Authority as provided in Section 4.3(c) below.

(b) **Private Roadways**. Subject to the terms and conditions set forth in these Covenants, the Developer does hereby grant to each Owner and Occupant, their heirs, successors and assigns, for ingress and egress and utilities to and from any Cove Lot, a nonexclusive easement over and upon, and the right to use for pedestrian or vehicular travel, as appropriate, and specifically in the property described on Exhibit "C" and all of the private roadways and trails within the Property, subject to and in common with Developer, its successors and assigns, and all other Owners and Occupants and the rights of all other parties having any interest or rights therein including, but not limited to, any other Owner of any portion of the Development and the public should Developer in its sole discretion, dedicate any private roadway for acceptance for maintenance by Coosa County. The easement and right to use granted pursuant to this Section 4.1(b) are and shall be permanent and perpetual, are nonexclusive, and are appurtenant to and shall pass and run with title to Cove Lots. The easement and right to use granted pursuant to this Section 4.1(b) are also subject to all rights of Developer to upgrade and improve any intersection of the Property and any other street or highway when, in Developer's judgment, such upgrading or improvement is necessary to maintain acceptable traffic flow within the Development. Such upgrading and improving shall include, but not be limited to, the installation of traffic signals at any such intersection. To the extent Developer is obligated to maintain or otherwise pay any portion of the costs of maintaining any portion of the Property, its medians, drainage facilities, shoulders, and landscaping, or if Developer deems it necessary or desirable to upgrade or improve any intersection of the Property and any other street or highway as stated above, the Association shall assume all of Developer's obligations relating thereto, and such costs shall be included in the Association Expenses pursuant to Article 9 below.

Section 4.2 **Grant of Easement to Governmental Authorities**. Subject to the provisions of Sections 4.3(a) and 4.3(b) below, Developer does hereby grant to each branch, bureau, department and agency of any Governmental Authority (including The Cove Improvement District) and its respective agents, employees and representatives, a permanent, perpetual and nonexclusive easement over, across, through and upon all of the private roadways within the Development forming a part of the Common Areas for the purposes of performing such duties and activities related to law enforcement, fire protection, trash and refuse collection, building inspection services, mail and package delivery, medical and emergency services and any other

functions or duties to be performed by the Governmental Authorities as shall be required or appropriate from time to time.

Section 4.3 Reservation of Controlled Access Easement.

(a) **Waiver of Unlimited Access.** Each Owner, by acceptance of a deed or other instrument conveying any interest in any Cove Lot, does hereby waive all rights of uncontrolled and unlimited access, ingress to and egress from such Cove Lot, except as such access may be to a Cove Roadway or to a dedicated street, and acknowledges and agrees that (i) in order to provide quiet enjoyment, access and ingress to and egress from the Development and/or the Property may be controlled, restricted and limited to exclude the general public therefrom and (ii) access and ingress to and egress from such Owner's Cove Lot may be limited to the roads, sidewalks, walkways, paths, boardwalks, trails and bicycle or jogging paths and lanes designated as Common Areas by Developer; provided, however, that, subject to the provisions of these Covenants, vehicular and pedestrian access to and from all Cove Lots shall be provided at all times.

(b) **Right to Install Limited Access Facilities.** Developer does hereby establish and reserve for itself, the Association, and their respective successors and assigns, the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling, limiting and restricting vehicular and pedestrian access to and from any portion of the Development.

(c) **Power of Attorney.** Notwithstanding anything provided to the contrary in these Covenants, Developer (i) does hereby establish and reserve the right, in its sole and absolute discretion and at any time and from time to time, to dedicate any of the private roadways within the Development or any portion thereof as public roadways to any Governmental Authority designated by Developer without requirement that the approval or consent of any Owner, Occupant, Mortgagee or other beneficiary of these Covenants be obtained and (ii) shall be and hereby is authorized and entitled to execute any and all agreements, documents, instruments and subdivision plats pursuant to which any of the other private roadways within the Development are submitted for dedication as public roadways. Each Owner, by acceptance of any deed to a Cove Lot or, and each Mortgagee, by the acceptance of any Mortgage on any Cove Lot, shall be deemed to, and each does hereby, irrevocably appoint the Developer as its respective agent and attorney-in-fact for the purpose of executing, signing, acknowledging, swearing to and rescinding any and all instruments, certificates, documents, agreements and subdivision plats relating to the dedication of any of the other private roadways within the Development for and in the name of any such Owner and Mortgagee in their name, place and stead-. The power and authority granted herein is hereby declared to be irrevocable and a power coupled with an interest which shall survive the death or dissolution of any Owner or Mortgagee and be binding on all Owners and Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns and anyone having any interest in any Cove Lot or Common Area or in any of the easement rights created or granted in these Covenants. The rights reserved by Developer pursuant to this Section 3.3(c) may be assigned to the Association. Upon such assignment, the Association shall have the same rights reserved herein to Developer.

(d) **Recreational Facilities.** Subject to the provisions of these Covenants and the rules, regulations, fees and charges from time to time established by Developer or the Association, each Owner and Occupant shall have a non-exclusive right, privilege and easement for access to and the use and enjoyment of the recreational areas, facilities and amenities now or hereafter located in the Common Areas. The easement and rights granted herein are and shall be permanent and perpetual, are non-exclusive, and are appurtenant to, and shall pass and run with title to, each Cove Lot.

(e) **Benefit of Easements.** The easements, rights and privileges granted in Sections 4.1 and 4.3 shall pass with each Cove Lot as an appurtenance thereto and may not be severed, transferred, assigned or otherwise alienated separate or apart from a Cove Lot.

Section 4.4 **Reservation of General Access Easement.** Developer does hereby establish and reserve for itself, the Association, the ARC, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, through and upon each Cove Lot for the purpose of providing access and ingress to and egress from each Cove Lot for (a) the inspection of each Cove Lot and any Improvements thereon to determine compliance with the provisions of these Covenants, and (b) the performance of the respective duties of Developer, the Association hereunder, including, without limitation, taking any action required or permitted to be taken by Developer, the Association, the ARC pursuant to any of the provisions of these Covenants or the Association Bylaws; provided, however, that upon completion and occupancy of any Dwelling, then except in the event of emergencies, the foregoing easement shall be utilized only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of such Cove Lot directly affected thereby.

Section 4.5 **Reservation of Easements With Respect to Common Areas**

(a) **Easement Upon Common Areas.** Developer does hereby establish and reserve, for itself, the Association, the ARC, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, under, through and upon all of the Common Areas for the purpose of (i) constructing, installing, maintaining, repairing and replacing any Improvements on the Property or on the Common Areas and (ii) doing all other things reasonably necessary and proper in connection therewith; provided, however, that nothing in this sentence shall obligate Developer to undertake any of the foregoing. In addition to the other rights and regardless of whether Developer continues to own any portion of the Development, Developer hereby establishes and reserves for itself and its successors and assigns, a permanent and perpetual, nonexclusive easement to have access and ingress to and egress from and the right and privilege to use and enjoy the Common Areas and all Improvements thereon for such purposes as Developer deems appropriate; provided, however, that Developer should not exercise such rights so as to interfere unreasonably with the rights of the Owners to use the Common .

(b) **Changes in Common Areas.** Developer does hereby establish and reserve unto itself and its successors and assigns the permanent right to change, modify and realign the boundaries

of any of the Common Areas, Cove Lots or other portions of the Development owned by Developer. Developer further reserves the right, but shall not have any obligation, to convey by quitclaim deed or lease to the Association, at any time and from time to time any portion of the Development, the Property or any Improvements thereon to be utilized as Common Areas, all as Developer, in its sole discretion, may determine; provided, however, that any change, modification or realignment of any future Condominium Common Areas shall be in accordance with applicable future condominium documents.

Section 4.6 **Reservation of Easement for Utilities**. Developer does hereby establish and reserve for itself, the Association, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, under, through and upon all portions of the Common Areas and all Cove Lots that are reasonably necessary for the purpose of installing, erecting, replacing, relocating, maintaining and operating master television and/or cable systems, limited access facilities and similar systems and all utilities necessary or convenient for the use of any portion of the Development including, without limitation, publicly or privately owned and operated electrical, gas, telephone, water and sewer services, storm drains and sewers, irrigation systems, drainage systems, retention ponds, lakes, basins and facilities, lines, pipes, conduits, equipment, machinery and other apparatus and appurtenances necessary or otherwise reasonably required in order to provide any utility service to any portion of the Development. The easements established and reserved herein shall include the right to cut and remove trees, undergrowth and shrubbery, to grade, excavate or fill and to otherwise take all other action reasonably- necessary to provide economical and safe installation, maintenance, repair, operation and replacement of all such utility services and the systems, equipment and machinery used to provide the same. Notwithstanding anything provided in this Section 4.6 to the contrary, (a) the utilization of any of the easements and rights established and reserved pursuant to this Section 4.6 shall not unreasonably interfere with the use or occupancy of any Dwelling situated on any Lot, and (b) Developer shall use good faith efforts to attempt to cause any utility company or other supplier or provider of any utility service that may utilize any of the easements and rights reserved and established pursuant to this Section 4.6 to take reasonable action to repair any damage to any Cove Lot caused by such utility company or other supplier or provider of such utility service during the exercise of any rights established and reserved herein.

Section 4.7 **Reservation of Easements for Signs, Walks, Boardwalks and Trails**. Developer does hereby establish and reserve for itself, the Association, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual easement appurtenant over, across, through and upon a strip of land five feet in width on any side of any Cove Lot lying parallel and directly adjacent to and abutting any public or private roadway, for the purpose of constructing, installing, maintaining, repairing, operating, replacing and the use of sidewalks, walkways, boardwalks, trails, bicycle and jogging paths and lanes, traffic directional signs, street lights and related improvements; provided, however, that Developer and the Association shall not by virtue of this sentence, have any obligation to construct any of the foregoing improvements. IT IS UNDERSTOOD THAT SAID FIVE FOOT SIDE SETBACK LINE MAY BE MODIFIED BY DEVELOPER IN PLAT RESTRICTIONS OR OTHERWISE.

Section 4.8 **Landscaping by Owners on Easement Areas.** The Developer, the Association, any Governmental Authority, any utility company, and each of their respective agents, employees, representatives, invitees, successors and assigns, shall not be liable to any Owner, Occupant or any other party for and on account of damage to any landscaping or plantings placed on any easement area or road right-of-way within the Development by any Owner, Occupant or any other party.

Section 4.9 **Other Easements.** No Owner shall enter into an easement arrangement with a utility company, another Lot Owner or any other company, persons or group without the written consent of the Developer. The Developer must approve and co-execute all written and/or recorded easements across Cove Lands.

ARTICLE 5

THE COVE AT LAKE MITCHELL OWNERS' ASSOCIATION, INC.

Section 5.1 **Membership.** As provided in the Articles of Incorporation and Bylaws of the Association, the Owner of each Cove Lot contained in Cove Plats, shall be a member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Cove Lot; provided, however, that (a) Developer shall be deemed a member of the Association for so long as Developer owns any portion of the Property, or (b) if any Lot or Unit is owned by more than one person, then the Owner of such Lot or Unit shall, by written notice to the Board, designate only one representative to serve as a member of the Association until such time, if at all, as the Mortgagee thereof becomes an Owner by virtue of foreclosure of its Mortgage and title to such encumbered Lot or Unit is vested in the Mortgagee pursuant to a duly recorded deed. The transfer or conveyance of fee title to any Cove Lot (other than by a Mortgage as security for the payment of an obligation), shall automatically include the transfer of all membership rights of such Owner in the Association with respect to the Cove Lot transferred and conveyed, notwithstanding any failure of the transferor to transfer to his transferee any certificates, assignments or other evidence of such membership. Membership or the rights and benefits in the Association may not be transferred, assigned, conveyed or otherwise alienated in any manner separately and apart from the ownership of a Cove Lot. Each member of the Association shall at all times comply with the provisions of these Covenants, the Articles of Incorporation, the Bylaws and all rules and regulations that may from time to time be adopted by the Board or the members of the Association.

Section 5.2 **Board.** THE BOARD OF THE ASSOCIATION SHALL HAVE THE RIGHTS AND DUTIES SET FORTH IN ITS ARTICLES OF INCORPORATION AND THE BYLAWS. DEVELOPER HEREBY RETAINS AND SHALL HAVE THE RIGHT TO APPOINT OR REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OR MEMBERS OF THE BOARD, ANY OFFICER OR OFFICERS OF THE ASSOCIATION AND ANY MEMBERS OF THE ARC UNTIL THERE IS NO DEDICATED COVE LOT OR DEDICATED CONDOMINIUM UNIT WITHOUT A DWELLING CONSTRUCTED THEREON WITHIN THE DEVELOPMENT OR UNTIL SUCH EARLIER DATE AS DEVELOPER ELECTS, IN DEVELOPER'S SOLE DISCRETION, TO RELINQUISH SUCH RIGHT AND FURTHER TO APPOINT OR DESIGNATE THOSE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION. EACH OWNER, BY ACCEPTANCE OF

A DEED TO OR OTHER CONVEYANCE OF A COVE LOT, VESTS IN DEVELOPER SUCH AUTHORITY TO ADD AND REMOVE MEMBERS OF THE BOARD AND OFFICERS OF THE ASSOCIATION AND TO DESIGNATE THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION TO BE ELECTED BY THE BOARD OF THE ASSOCIATION AND MEMBERS OF THE ARC UNTIL THERE IS NO DEDICATED COVE LOT OR DEDICATED CONDOMINIUM UNIT WITHOUT A DWELLING CONSTRUCTED THEREON WITHIN THE DEVELOPMENT OR SUCH EARLIER DATE AS DEVELOPER, IN ITS SOLE DISCRETION, SO ELECTS.

Section 5.3 **Voting Rights**. Subject to the rights reserved for Developer in the Articles of Incorporation and Bylaws (which, among other things, provide that only Developer, until there is no Dedicated Cove Lot or Dedicated Condominium Unit without a dwelling constructed thereon within the Development or until such earlier date as Developer may elect, in Developer's sole discretion, will be exclusively entitled to take various actions and vote on all matters to be voted on by the members of the Association) and the rights of the Association to suspend any Owner's voting rights or privileges in the Association pursuant to Section 12.1, below, the Voting Rights of all Owners of Cove Lots within the property shall be as follows: (i) each Owner, including the Developer, of a Cove Lot, shall be entitled to one vote in any matter submitted to members of the Association for approval. No Owner of a Cove Lot, whether one or more persons, shall have more than one vote. No Owner, whether one or more persons, shall have more than one membership and one vote per Cove Lot. Such voting rights shall continue to apply to each Cove Lot upon the addition of any additional property to these Covenants. In no event, whether as a result of there being multiple ownership interests in any Cove Lot or otherwise, shall more than one vote be allowed for any one Cove Lot. Fractional voting shall not be permitted. Each Owner by acceptance of deed or other public conveyance to a Cove Lot consents and agrees to the dilution of his or her voting interest in the Association by virtue of the resubdivision of any Lot by Developer pursuant to Article 2 above, and the submission of any additional property to the terms of these Covenants.

Section 5.4 **Duties and Powers of the Association**. In addition to the rights, duties, responsibilities and obligations of the Association otherwise set forth in these Covenants, the Association shall have the power to perform or cause to be performed any of the duties and powers set forth in the Articles of Incorporation and the Bylaws. The Association may exercise any other right or privilege granted to it expressly by its Board, these Covenants or Bylaws, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided to the contrary herein, in its Articles of Incorporation or in the Bylaws, the powers and authority granted to the Association may be exercised by the Board, acting through the officers of the Association, without further consent or action on the part of the Owners. Nothing herein shall be construed as a restriction of the rights, duties, responsibilities and obligations of the Association set forth in the Articles of Incorporation or the Bylaws.

Section 5.5 **Agreements**. Subject to the conditions, restrictions and other provisions of these Covenants, all agreements, actions and determinations lawfully authorized by the Board with respect to the Property shall be binding upon all Owners, their heirs, executors, personal

representatives, administrators, successors and assigns and all others having any interest in the Property. In performing its responsibilities hereunder, the Association, through the Board, shall have the right and authority to delegate to persons of its choice such duties of the Association hereunder as may be determined by the Board. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof; to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of any portion of the Property, whether such personnel are furnished or employed directly by the Association or by independent contract with the Association. During the term of any such management agreement entered into by the Association with a third Party, such manager may, if authorized by the Board, exercise all the powers and shall be responsible for the performance of all of the duties of the Association hereunder, excepting any of such powers or duties specifically and exclusively reserved to the Board or the officers of the Association by these Covenants, the Articles of Incorporation or the Bylaws. Such manager may be an individual, corporation or other legal entity and may be bonded in such manner as the Board may require, with the costs of such bond to be a Common Expense. In addition to the foregoing, the Association may pay for and the Board may hire and contract for such legal and accounting services as are necessary or desirable in connection with the operation of the Property, or the enforcement of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association.

Section 5.6 **Management by Developer and its Affiliates**. In addition to the rights and authority granted to the Association in Section 5.5, Developer or any affiliate thereof may, but shall not be obligated to, be employed as the manager of the Association and the Property, until there is not Dedicated Cove Lot or Dedicated Condominium Unit without a dwelling constructed thereon within the Development or until such earlier date as Developer elects, in Developer's sole discretion, to relinquish such right, at such compensation and on such terms as would be usual, customary and obtainable in an arms-length transaction with any third party providing comparable services for any real estate development in the southeastern United States of the size, quality and nature of the Property. Each Owner, by acceptance of a deed to or other conveyance of a Cove Lot shall be deemed to ratify the provisions of this Section 5.6 and shall specifically be deemed to have approved any management agreement entered into by the Association and Developer or any affiliate thereof.

Section 5.7 **Rules and Regulations**. The Board may establish and enforce reasonable rules and regulations governing the use of all Cove Lots and Common Areas, including the enforcement of all of the provisions of these Covenants. Each such rule and regulation shall be binding upon all Owners and Occupants until and unless any such rule or regulation is specifically overruled, canceled or modified by the Board or by the majority vote of the total votes of the Association at any regular or special meeting of the Association; provided, however, that no such rule or regulation may be overruled, canceled or modified unless such action is also approved by Developer until there is no Dedicated Cove Lot or Dedicated Condominium Unit without a dwelling constructed thereon within the Development or such earlier date as Developer elects in Developer's sole discretion, to relinquish such right.

Section 5.8 **Indemnification**. The Association shall and does hereby indemnify, defend and agree to hold each and every officer, agent, representative and member of the Board harmless from and against any and all expenses, including court costs and reasonable attorney's fees, suffered, paid or incurred with any action, suit or other proceedings (including the settlement of any suit or proceedings if approved by the Board) to which such person may be made a party by reason of being or having been an officer, agent, representative or member Of the Board. The officers, agents. representatives and members of the Board shall not be liable for any mistake in judgment, negligence or otherwise except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The officers, agents, representatives and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall and does hereby indemnify, defend and agree to forever hold each such officer, agent, representative and member of the Board harmless from any and all liability to others on account of any such contract or commitment. The indemnification, obligations and rights provided for herein shall not be exclusive of any other rights to which any officer, agent, representative or member of the Board may be entitled, including anything provided to the contrary contained in the Articles of Incorporation or the Bylaws. The Association shall (as long as such insurance is available and economically feasible) maintain adequate general liability and officers' and directors' liability insurance in order to fulfill its obligations under this Section 5.8 and the costs of such insurance shall constitute a Common Expense.

Section 5.9 **Cove Commercial Lots**. Developer may, in its sole discretion, subject part of the Cove Lands outside of the 1st Sector to be utilized as commercial lots pursuant to these Covenants. Developer may amend these Covenants to provide for the voting rights in the Association attributable to said commercial lots, provided that the voting rights shall be one vote for each 2,000 square feet of leasable heated and cooled commercial space, and provided further that each commercial space unit shall be assessed for Association expenses equal to that of a Cove Lot.

Section 5.10 **Cove Condominium Units**. Developer may, in its sole discretion, subject part of the Cove Lands outside of the 1st Sector to be utilized for development of Cove Condominiums. In such event, Developer will amend these Covenants to provide that Owners of Cove Lots and Cove Condominium Units shall have (i) equal votes in the Association; (ii) equal ownership in Common Areas; and (iii) equal assessments for Association expenses.

Section 5.11 **Special Approval Rights as to Condominium**. Until there is no Dedicated Cove Lot or Dedicated Condominium Unit without a dwelling constructed thereon within the Development or such sooner time as Developer in its sole discretion shall determine, the Developer shall have the limited right, as to any Condominium constructed on Dedicated Cove Lands, to approve plans and designs as to any exterior portion of the Common Elements of such Condominium, including landscaping, parking, signage, and other parts of such Common Elements, all to the end that the design and appearance be harmonious with the remainder of the Cove Property. Should the Condominium be materially damaged or destroyed, the Developer shall have the additional right to approve the plans and specifications of the restoration. After there is no Dedicated Cove Lot or Dedicated Condominium Unit without a dwelling constructed

thereon within the Development or such sooner time as the Developer in its sole discretion may determine, the ARC shall have the limited right, as to such Condominium, to approve plans and designs as to any exterior portion of the Common Elements of such Condominium, including landscaping, parking, signage, and other parts of such Common Elements, all to the end that the design and appearance be harmonious with the remainder of the Cove Property. Should the Condominium be materially damaged or destroyed, the ARC shall have the additional right to approve the plans and specifications of the restoration.

ARTICLE 6

ARCHITECTURAL REVIEW COMMITTEE, DEVELOPMENT AND DESIGN CODE

Section 6.1 **Board Composition**. The ARC shall consist of not less than three nor more than seven persons, each of whom shall be appointed or elected as provided in Section 6.2 below. The members of the ARC may, but shall not be required to be, members of the Association or Owners of any Cove Lot. The term of office for each member of the ARC shall be three years (coinciding with the fiscal year of the Association), except as provided in Section 6.2(d) below. Any member appointed or elected as provided in Section 6.2 below may be removed with or without cause in the manner provided in Section 6.2 below. Each Owner, by acceptance of a deed to or other conveyance to a Cove Lot shall be deemed to ratify the provisions of Section 6.2 below.

Section 6.2 **Appointment and Removal of ARC Members**.

(a) UNTIL THERE IS NO DEDICATED COVE LOT OR DEDICATED CONDOMINIUM UNIT WITHOUT A DWELLING CONSTRUCTED THEREON WITHIN THE DEVELOPMENT OR UNTIL SUCH EARLIER DATE AS DEVELOPER MAY ELECT, IN DEVELOPERS SOLE DISCRETION, DEVELOPER SHALL HAVE THE SOLE AND EXCLUSIVE RIGHT TO APPOINT AND REMOVE ALL OF THE MEMBERS OF THE ARC.

(b) After there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development, or upon Developer's written notice to the Association that it no longer desires to exercise the right to appoint and remove members of the ARC as provided in Section 6.2(a) above, then the members of the ARC shall be appointed by the Association Board.

(c) Any member of the ARC may be removed, with or without cause, by (i) Developer, in its sole discretion, during the period of time that the provisions of Section 6.2(a) above are in effect or (ii) the Association Board, in the event the provisions of Section 6.2(b) above are in effect. In the event of death or resignation of a member of the ARC, then Developer, if the provisions of Section 6.2(a) above are applicable; or the Association Board, if the provisions of Section 6.2(b) above are applicable, as the case may be, shall appoint a substitute member of the ARC to fill the

vacancy of such deceased or resigning member for the remainder of the term of such former member.

(d) The Developer shall appoint the initial ARC for terms ranging from one to three years each, in Developer's sole discretion. At the expiration of the term of office of each respective member of the initial ARC, Developer, in the event the provisions of Section 6.2(a) above are applicable, or the Association Board, in the event the provisions of Section 6.2(b) above are applicable, shall appoint a successor of such member for a period of three years.

Section 6.3 Procedure and Meetings. The ARC shall elect a chairman and he or she, or in his or her absence, the vice chairman, shall be the presiding officer at all meetings of the ARC. The ARC will meet as necessary as well as upon call of the chairman or vice chairman, and all such meetings shall be held at such places as may be designated by the chairman or vice chairman. A majority of the total number of members of the ARC shall constitute a quorum of the ARC for the transaction of business and the affirmative vote of a majority of those present in person or by proxy at a meeting of the ARC shall constitute the action of the ARC on any matter that comes before it. The ARC is authorized to retain the services of consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. Each member of the ARC may be paid a stipend or honorarium as may from time to time be determined by the Developer, if the provisions of Section 6.2(a) above are applicable, or the Association Board, if the provisions of Section 6.2(b) above are applicable, and shall otherwise be entitled to a reimbursement of expenses incurred on behalf of the ARC, subject to the approval of such expenses by the Developer, if the provisions of Section 6.2(a) above are applicable, or the Association Board, if the provisions of Section 6.2(b) above are applicable. The ARC shall have the right from time to time to adopt and establish such rules and regulations as may be determined to be necessary concerning the procedure, notice of meetings and all other matters concerning the conduct of the business of the ARC.

Section 6.4 Design Code. The ARC is hereby authorized to promulgate and amend or modify from time to time a written Design Code governing policies, guidelines and minimum requirements to be satisfied with respect to the site preparation, construction, location, landscaping and design of all Dwellings and other Improvements on any Lot or Common Areas of the Association, as well as additions, repairs, renovations or changes that may from time to time be made to such dwellings, improvements or Common Areas, the content and manner in which plans and specifications and other documentation and information concerning the construction of any Dwellings or other Improvements on a Lot or Common Areas are to be submitted to and approved by the ARC, and any other matters affecting the construction, repair or maintenance of any Dwelling or other Improvements on any Lot. The Design Code adopted by the ARC shall be in addition to the provisions and requirements set forth in these Covenants and shall be binding upon and enforceable against all Owners. EXCEPT FOR THE PROVISIONS OF SECTION 5.11 ABOVE, NEITHER THE DESIGN CODE NOR ITS ENFORCEMENT PROVISIONS SHALL APPLY TO ANY CONDOMINIUM, THE DESIGN, CONSTRUCTION, AND MAINTENANCE OF THE CONDOMINIUM, BEING CONTROLLED BY ANY FUTURE CONDOMINIUM DOCUMENTS.

Section 6.5 Approval of Plans and Specifications.

(a) TO PRESERVE THE ARCHITECTURAL AND AESTHETIC APPEARANCE AND THE NATURAL SETTING AND BEAUTY OF THE DEVELOPMENT, TO ESTABLISH AND PRESERVE A HARMONIOUS DESIGN FOR THE DEVELOPMENT AND TO PROTECT AND PROMOTE THE VALUE OF THE DEVELOPMENT, THE PROPERTY, THE LOTS, THE DWELLING AND ALL IMPROVEMENTS THEREON, NO IMPROVEMENTS OF ANY NATURE SHALL BE COMMENCED, ERECTED, INSTALLED, PLACED, MOVED ONTO, ALTERED, REPLACED, RELOCATED, PERMITTED TO REMAIN ON OR MAINTAINED ON ANY COVE LOT OR COMMON AREA BY ANY OWNER, OTHER THAN DEVELOPER, THAT AFFECT ITS EXTERIOR APPEARANCE UNLESS PLANS AND SPECIFICATIONS THEREFOR HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5.5(b) BELOW. WITHOUT LIMITING THE FOREGOING, THE CONSTRUCTION AND INSTALLATION OF ANY DWELLINGS, SIDEWALKS, DRIVES, PARKING LOTS, MAILBOXES, DECKS, PATIOS, COURTYARDS, SWIMMING POOLS, TENNIS COURTS, GREENHOUSES, PLAYHOUSES, AWNINGS, WALLS, FENCES, EXTERIOR LIGHTS, IRRIGATION SYSTEMS, SATELLITE DISHES, RADIO OR TELEVISION ANTENNAS, GAZEBOS. GARAGES OR ANY OTHER OUTBUILDINGS, SHALL NOT BE UNDERTAKEN, NOR SHALL ANY EXTERIOR ADDITION OR CHANGE OR ALTERATION BE MADE (INCLUDING WITHOUT LIMITATION, PAINTING OR STAINING OF ANY EXTERIOR SURFACE) TO ANY DWELLING, COVE LOT OR COMMON AREA UNLESS THE PLANS AND SPECIFICATIONS FOR THE SAME HAVE BEEN SUBMITTED TO AND APPROVED BY THE ARC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6.5(b) BELOW.

(b) The ARC is hereby authorized and empowered to approve all plans and specifications and the construction of all Dwellings and other Improvements on any part of the Property including Common Areas. Prior to the commencement of any Dwelling or other Improvements on any Lot, Dwelling or Common Area, the Owner thereof (including the Association for Common Areas) shall submit an application to the ARC requesting the ARC to review plans and specification and related data for all such Improvements, as more particularly provided in the Design Code.

(c) The ARC shall, in its sole discretion, determine whether the plans and specifications and other data submitted by any Owner for approval are acceptable. One copy of all plans, specifications and related data so submitted to the ARC shall be retained in the records of the ARC and the other copy shall be returned to the Owner submitting the same marked "approved", "approved as noted" or "disapproved". The ARC shall establish a fee to be charged to and paid by each Owner (except the Association) who submits plans and specifications to the ARC for approval, which fee shall be sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys retained to approve such plans and specifications and to monitor and

otherwise enforce the terms hereof Notwithstanding anything provided herein to the contrary, an Owner may make interior improvements and alterations within his Dwelling that do not affect exterior appearance and without the necessity or requirement that ARC approval or consent be obtained. The initial fee shall be \$200.00 per house plan review and may be collected at closing at Developer's discretion.

(d) The ARC shall have the right to disapprove any plans and specifications upon any ground that is consistent with the objectives and purposes of these Covenants, including purely aesthetic considerations, any failure to comply with any of the provisions of these Covenants or the Design Code, failure to provide requested information, objection to exterior design, appearance or materials, objection to the location of any proposed Improvements on any such Lot, objection to the landscaping plan for such Cove Lot or Common Area, objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any Improvement. The ARC shall have the right to approve any submitted plans and specifications with conditions or stipulations with which the Owner of such Cove Lot or Common Area shall be obligated to comply and which must be incorporated into the plans and specifications. Approval of plans and specifications by the ARC for Improvements to one particular Cove Lot or Common Area shall not be deemed an approval or otherwise obligate the ARC to approve similar plans and specifications or any of the features or elements for the Improvements for any other Cove Lot or Common Area within the Development.

(e) If the ARC fails to approve, or approve as noted, in writing any such proposed plans and specifications within sixty days after such plans and specifications have been submitted, then the plans and specifications so submitted will be deemed to have been disapproved.

(f) Any revisions, modifications or changes in any plans and specifications previously approved by the ARC must be approved by the ARC in the same manner specified above.

(g) If construction of the Dwelling or the Improvements has not substantially commenced (by clearing and grading, pouring of footings and otherwise commencing framing and other related construction work) within six months of approval by the ARC of the plans and specifications for such Dwelling or other Improvements, then no construction may be commenced (or continued) on such Cove Lot or Common Area, and the Owner of such Cove Lot or Common Area shall be required to resubmit all plans and specifications for any Dwelling or other Improvements to the ARC for approval in the same manner specified above.

Section 6.6 **Landscaping Approval**. In order to preserve, to the extent practicable, the natural landscaping and plant life currently situated on the Property and to enhance the aesthetic appearance of the Property, no landscaping (including the removal or planting of trees, lawns or shrubbery), grading, excavation or till work of any nature shall be implemented or installed by any Owner, other than Developer, on any Cove Lot unless and until landscaping plans therefore have been submitted to and approved by the ARC. The provisions of Section 6.5 above regarding the method of submitting such plans to the ARC, the time for approval or disapproval of the same and the method of approving modifications or changes thereto shall be applicable to such landscaping plans.

Section 6.7 **Construction Without Approval**. If (a) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Cove Lot without ARC approval of the plans and specifications for the same or (b) the ARC shall determine that any approved plans and specifications for any Improvements or the approved landscaping plans for any Cove Lot are not being complied with, then, in either event, the Owner of such Cove Lot shall be deemed to have violated these Covenants and the ARC shall have the right to exercise any of the rights and remedies set forth in Section 6.12 below.

Section 6.8 **Inspection**. The ARC or any agent, employee or representative thereof may at any reasonable time and from time to time enter upon and inspect any Cove Lot or Common Area or any Improvements being constructed thereon in order to determine whether the approved plans and specifications therefore are being complied with. Any such entry shall not be deemed to be a trespass or any other wrongful act by the ARC.

Section 6.9 **Limitation of Liability**. Notwithstanding anything provided herein to the contrary, neither Developer, the Association, the ARC, nor any agent, employee, representative, member, shareholder, partner, joint venture, officer or director thereof, shall have any liability of any nature whatsoever for any damage, loss or prejudice suffered, claimed, paid or incurred by any Owner on account of (a) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article 6, (b) any defects, structural or otherwise, in any work done according to such plans and specifications, (c) the failure of any plans, specifications or construction to comply with the applicable federal, state or local laws and regulations including building codes and environmental requirements, (d) the failure to approve or the disapproval of any plans, drawings, specifications or other data submitted by any Owner for approval pursuant to the provisions of this Article 6 (e) the construction or performance of any work related to such plans, drawings and specifications, (f) bodily injuries (including death) to any Owner, Occupant or the respective family members, guests, employees, agents, invitees or licensees of any such Owner or Occupant, or any damage to any Dwellings or Improvements or the personal Property of any Owner or Occupant, or the respective family members, guests, employees, agents, invitees or licensees of such Owner or Occupant, that may be caused by, or arise as a result of any defect, structural or otherwise, in any Dwellings or Improvements or the plans and specifications therefore or any past, present or future soil or subsurface conditions, known or unknown (including, without limitation, geological formations or conditions on or under any Cove Lot), and (g) any other loss, claim, damage, liability or expense, including court costs and attorneys' fees, suffered, paid or incurred by any Owner arising out of or in connection with the use and occupancy of any Cove Lot or any Improvements situated thereon.

Section 6.10 **Commencement and Completion of Construction**. No work, including clearing of Cove Lots, shall commence until approval of the ARC is obtained. Upon commencement of construction of any Dwelling, the construction work thereon shall be prosecuted diligently and continuously and shall be completed within one year of the commencement date of said construction, such completion to be evidenced by a Certificate of Occupancy issued by the appropriate Governmental Authorities or a Certificate of Compliance to be issued by the ARC. During the construction of any Improvements or Dwellings, (i) all Lots and Dwellings shall be maintained in a clean condition, free of debris and waste material; (ii) all unused construction materials shall be stored, to the extent practicable, out of view; and (iii) all

construction trash, debris and rubbish on each Lot shall be properly disposed on a regular basis outside the development. Owner should provide a construction waste storage bin or receptacle during the entire construction period. Used construction materials may be burned on-site so long as such burning does not create a nuisance to other Owners or violate the laws, ordinances, codes, statutes, rules or regulations or any applicable Governmental Authority. In no event, however, shall any used construction materials be buried on or beneath any Cove Lot, Dwelling, or any other portion of the development. No Owner shall allow dirt, mud, gravel or other substances to collect or remain on any street.

Section 6.11 **Sales and Construction Activities**. Notwithstanding any provisions or restrictions contained in these Covenants to the contrary. Developer, its agents, employees, successors and assigns, shall have the right and option to maintain such facilities and carry on such activities as may be reasonably required, convenient, or incidental to the completion, improvement and sale of Cove Lots, or the development of Cove Lots or Common Areas within the Cove Lands, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model Dwellings, all as may be approved by Developer from time to time; provided, however, that the location of any construction trailers of any assignees of Developer's rights under this Section 6.11 shall be subject to Developer's approval. The right to maintain and carry on such facilities and activities shall include, without limitation, the right to use Dwellings as model residences and as offices for the sale of Cove Lots and related activities.

Section 6.12 **Enforcement and Remedies**. If any of the provisions of this Article 6 are breached or are not otherwise being complied with in all respects by any Owner or Occupant or the respective family members, guest, invitees, agents, employees or contractors of any Owner or Occupant, then the ARC and the Association shall each have the right, but not the obligation, at their option to (a) enjoin any further Construction on any Cove Lot and require the removal or correction of any work in place that does not comply with the plans and specifications approved by the ARC for such Improvements and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Cove Lot and take all action necessary to extinguish such violation or breach and to minimize or remedy erosion caused by such violation or breach, including, but not limited to delays in construction or inadequate erosion control procedures. All costs and expenses incurred by the ARC or the Association in enforcing any of the provisions of this Article 6, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of nonconforming work, the completion of uncompleted work or in any judicial proceeding, together with any other costs or expenses incurred by the ARC or the Association in causing any Owner or such Owner's contractors, agents or invitees to comply with the terms and provisions of this Article 6, shall be paid by such Owner, shall constitute an individual Assessment to such Owner pursuant to Section 9.6 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 9.1 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the right and remedies of the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies that the ARC or the Association may exercise at law or in equity or any of the enforcement rights specified in Article 9 hereafter.

Section 6.13 **Compliance Certification**. The ARC or any authorized representative thereof shall, upon request and at such reasonable charges as may from time to time be adopted by the Board, furnish to an Owner a certificate in writing setting forth whether all necessary ARC approvals have been obtained and whether any Dwelling or Improvement has been constructed in accordance with the provisions of these Covenants. Any such approval shall not be construed in any respect as a representation or warranty of the ARC or Developer or the Association that all applicable rules, regulations and requirements of all Governmental Authorities with respect to any such Cove Lot have been fulfilled.

ARTICLE 7

USE AND DEVELOPMENT RESTRICTIONS AS TO 1st Sector

Section 7.1 Use Restrictions. Use restrictions shall be as provided herein and in individual plats executed by Developer and recorded in the Office of the Judge of Probate of Coosa County, Alabama. The Plat of Phase I will be for residential use only. IT IS CONTEMPLATED THAT SHOULD DEVELOPER SUBJECT ADDITIONAL PROPERTY TO THESE COVENANTS, THE PLATS OF THE DEDICATED COVE LANDS MAY CONTAIN, IN ADDITION TO COVE LOTS, COMMON AREAS, COMMERCIAL LOTS AND APARTMENT LOTS. As to any Cove Lot, the use of any portion of a Dwelling as an office by an Owner shall not be considered a violation of this covenant provided such use does not create regular customer, client or employee traffic, and further provided any such use is in compliance with all applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof. The leasing or rental of a Dwelling for residential purposes only shall not be considered a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling, and (b) is otherwise in compliance with the rules and regulations promulgated and published from time to time by the Association; provided, however, that Developer shall have the perpetual right to designate from time to time any Dwellings owned by Developer, its successors and assigns, that may be leased. All leases shall be for a period of six months or longer. Notwithstanding anything provided in this Section 7.1 to the contrary, the Property or any portion thereof, including, specifically, any Lots constituting any portion of the Property, may be used and developed for (i) any of the uses included in the definition of Common Areas and (ii) any uses permitted under applicable zoning ordinances affecting the Property; provided, however, that if any portion of the Property is to be developed or used for any purpose other than Common Areas or single-family residential purposes (including duplexes and condominiums), then such use must be approved in writing by the ARC.

Section 7.2 ARC Approval. No Dwellings or other Improvements, including improvements to the Common Area, of any nature whatsoever shall be constructed on any Lot unless such Improvements have been approved by the ARC in the manner set forth in Article 6 above.

Section 7.3 Underground Utilities. All utility lines, pipes, conduits and wiring for electrical, gas, telephone, water, sewer, cable television, security and any other utility service for any portion of the Property shall be installed and maintained below ground.

Section 7.4 Irrigation Systems. All irrigation systems for Lots must be approved by the ARC in the manner set forth in Article 6 above. No gasoline powered irrigation pumps will be allowed.

Section 7.5 Residential Buildings. All Lots in the 1st Sector (expressly excluding the Common Areas) shall be used exclusively for residential purposes; no structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than one (1) single-family detached dwelling not to exceed two and one-half (2 ½) stories in height, excluding basements, and one (1) Accessory Building per Lot which may include a private garage. The height of each Dwelling Unit will be measured from the finished grade of the Lot on the front of the Dwelling Unit facing a street roadway. Detached structures will not be allowed in some areas solely due to aesthetic reasons. No sleeping or living quarters will be permitted within any accessory structure.

Section 7.6 Location of Houses. The house shall be sited in such a way as to provide minimum sideyard setback of fifteen (15) feet from the farthest projection of the house, usually the roof hangover. A minimum setback line from the waterfront of thirty (30) feet from the farthest projection or the minimum setback line from the water as required by Alabama Power Company, whichever is greater, will be observed. Positive retainer walls (those built above the Lot's natural grade) higher than eighteen (18) inches must be located outside the sideyard setback. The Developer reserves unto itself, its successors and assigns, the right to control absolutely and to decide solely on the precise site and location of any house or dwelling or other structure on every Lot within the development; provided, however, that such location shall be determined only after reasonable opportunity is afforded the Lot Owner to recommend a specific site. All driveways shall have a maximum width of fourteen (14) feet per opening at the intersection of any paved subdivision road. Elevation, drainage, and utility access across driveways shall be considered by the ARC in reviewing driveway plans. Each improved driveway shall have placed under it two (2) empty conduit sleeves six (6) inches in diameter installed by Owner based on the plans of Developer's engineer.

Section 7.7 Minimum Square Footage of Building Lot and Improvements. No plans will be approved unless the proposed house will have the minimum required Living Space (a) of 1,800 square feet for a one story dwelling, excluding the basement; and (b) of 2,400 square feet for any multi-level dwelling, excluding the basement. A minimum of 1,800 square feet of Living Space must be constructed on the main floor level. The remaining Living Space may be constructed on an upper floor or basement level.

Section 7.8 Minimum Standard of Construction. All construction will be done in conformance with the National Electrical Code, the Southern Standard Building Code, and the requirements of the Alabama State Public Health Department. Lots in the Cove shall be sold with the intent the Purchaser construct a dwelling thereon. There is no minimum period of time within which construction must commence. Once construction of the Dwelling Unit is begun, however, the Dwelling Unit must be completed within twelve (12) calendar months from the date of beginning.

Section 7.9 Trees. No tree measuring eight (8) inches or more in diameter at ground level may be removed without prior written approval of the Developer, unless said tree is located within ten (10) feet of the main Dwelling unit or Accessory Building or unless said tree is dead, dying, diseased or located within the limits of an approved driveway.

Section 7.10 Temporary Structures. A structure of a temporary nature shall not be placed upon a Lot at any time with the exception of shelters used by the contractor during construction of the Dwelling Unit. It is clearly understood that these temporary construction shelters may not at any time be used as a residence or permitted to remain after the completion of construction. The ARC shall approve these structures and their temporary location.

Section 7.11 Trailers. No trailer, mobile home, or other similar outbuilding or structure shall be placed on any Lot either temporarily or permanently.

Section 7.12 Outside Receptacles. Outside receptacle storage tanks, pumping facilities or similar storage receptacles, not installed within the main Dwelling Unit within the Accessory Building, are required to be buried underground or to be screened from view by screen planting or fencing, subject to the landscaping provisions in Section 6.6 of these Covenants. Other than LP gas storage, no fuel storage of any kind may be located on a Cove Lot.

Section 7.13 Parking. Each Owner shall provide space for off-street parking of four automobiles (minimum two hundred (200) square feet per space) prior to the occupancy of any Dwelling Unit constructed on his Lot. Parking Area is to be clearly designated on the site plan when submitted for review by Developer. On-street parking is not permitted. Recreational vehicles are permitted to be parked on-site once the house is completed, in a location which must be first approved by the ARC.

Section 7.14 Garbage Area. Each Lot Owner will be required to provide a screened storage area for garbage cans or bags or to provide underground garbage receptacles or similar facilities subject to the provisions of Sections 7.12 of these Covenants. Such facilities will be temporary in nature. Each and every Owner will be required to place garbage in collection facilities provided by the Association. No private garbage services may be utilized by Owners unless they have been approved by the Committee.

Section 7.15 Utility Easements. The Developer reserves unto itself, its successors and assigns, a perpetual, alienable, and releasable easement right on the surface of, under and over the ground erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, and other suitable equipment for conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities on, in, or over the rear ten (10) feet of each Lot and five (5) feet along each side of each Lot and such other areas as are shown on the applicable plat; provided further, that the Developer may put drain ways for surface waters wherever or whenever such actions may appear to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubberies, make any grading of the site, or to take any other similar actions reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, appearance and safety. The

establishment of these easements is not intended to imply that any of these utilities will be installed by the Developer.

Section 7.16 Boat Docks and Piers. Owners of Lots fronting on Lake Mitchell may erect boat docks and piers on property located between the outer boundary of their Lots and the High Water Mark upon complying with the following terms and conditions:

- (a) No boat dock may be erected on a site which will interfere with the adjoining Owners' access.
- (b) Stationary piers may not exceed thirty (30) feet in length. No pier and dock shall exceed (in length) over 1/3 the width of the body of water it is located on. Location and size of floating docks, covered boat houses, uncovered boat slips and other marine construction will be approved by the Committee based on each individual site plan and Alabama Power Company regulations.
- (c) Metal drums for flotation purposes are not permitted. Flotation materials will be approved by the ARC and Alabama Power Company.
- (d) Sketch plans and specifications, including siting and finish for boat docks must be approved by the Committee prior to beginning construction. All other provisions notwithstanding, boat docks, piers, floating docks, covered boat houses, uncovered boat slips, and other marine construction, must be approved, constructed and maintained in accordance with Alabama Power Company requirements. All Owners who construct or cause to have constructed a boat dock, pier, floating dock, covered boat houses, uncovered boat slips and other marine construction, agree to maintain such structures in good repair and keep same safe, clean, and orderly in appearance at all times, and further agree to properly maintain and treat with preservatives all wood or metal located above the High Water Mark, exclusive of pilings. Details of the above will be submitted by Lot Owner to the Developer in order to insure that piers and docks are placed in proper locations.
- (e) All boat docks will observe a minimum sideyard distance of ten (10) feet from the structure to an adjoining Lot and shall not cross for a reasonable distance an adjoining Lot's projected Lot line. Reasonable distance will be determined by Alabama Power Company.
- (f) No houseboat or other vessel shall be utilized for overnight stays while docked at Cove Lot.

Section 7.17 Television Signal Receiving Devices (Satellite T.V. Dishes). Television receiving devices shall be subject to Committee approval. If allowed, the following terms and conditions must be met:

- (a) Sketch plans and specifications including siting, color and size must be approved by the Committee prior to beginning installation. Satellite TV dishes will be constructed of a color and material which is aesthetically pleasing and blends with the immediate environment.

(b) The ARC may require that all television signal receiving devices be screened from public view.

(c) The removal of trees in order to receive satellite signals will be governed by Section 7.9 of these Covenants.

Section 7.18 Seawalls. Owners of Lots fronting Lake Mitchell may erect seawalls on property located between the outer boundary of their Lots, and contiguous to same, and the High Water Mark upon complying with the following terms and conditions:

(a) Sketch plans and specifications including siting, type of materials, color and finish must be approved by the Committee prior to beginning construction. Details of the above will be submitted by Lot Owner to the Committee.

(b) Rock mortared walls, poured in place concrete or rip-rap walls are preferred. Bare concrete block walls are not allowed. Block walls must be faced with rock or stucco sufficient to hide all mortar joints, unless the blocks being used are manufactured block walls with patterned faces.

(c) All seawalls must be sited and reviewed, prior to construction, by the Committee and approved and constructed in accordance with Alabama Power Company and any other public or private entity having supervisory jurisdiction over such seawalls.

Section 7.19 Placement of Boat Ramps. In order to prevent interference with the use of adjacent Lots, the placement of all boat ramps must be approved by the ARC and in accordance with any applicable Alabama Power Company requirements. Boat ramps shall not exceed 14 feet in width. Only one boat ramp is allowed for each Cove Lot.

Section 7.20 Unightly Conditions. It shall be the responsibility of each Lot Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on his respective Lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. This includes unkempt stacks of firewood, etc. Boats and boat trailers should be neatly parked in designated areas.

Section 7.21 Entry. Whenever the Developer is permitted by these Covenants to correct, repair, clean, preserve, clear out or take any action on the property of any Lot Owner, the Developer must first obtain the approval of the Committee and shall give written notice to the property Owner involved before entering the property. After such approval and notice, such entering the property and taking such actions shall not constitute a trespass on the part of the Developer.

Section 7.22 Offensive Activity. The firing or discharging of firearms is prohibited. No Owner shall maintain any plants, animals, devices or things of any sort the normal activity, or existence of which is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof.

No livestock shall be permitted on any Lot. Not more than two (2) dogs or two (2) cats (or one (1) dog and one (1) cat may be kept and maintained on any Lot.

Section 7.23 Signs. No information boxes or signs of any kind, commercial signs including “For Rent,” “For Sale,” Contractor and other similar signs shall be erected or maintained on any Lot except as may be required by legal proceedings. In the event signs are required by legal proceedings, the Developer reserves the right to restrict size, color and content of such signs. Developer also reserves the right to erect sales signs appropriate locations to include individual signs on Lots. Signs for temporary events like “open houses” may be utilized as determined by the ARC.

Section 7.24 Re-Subdivided Lots. Any two (2) or more Lots may be re-subdivided or replatted by either the Developer or other Owners provided such re-subdivision or other replatting is first approved by the Committee. No Lot shall be re-subdivided or replatted without the written approval of the Developer, and the Developer has absolute discretion to approve or not approve re-subdividing and the replatting of Lots. In any event, no Lot may be built upon which contains less than 20,000 square feet. The Developer must sign an approval authorization on the to-be-recorded plat if replatting occurs.

Section 7.25 Residential Design and Construction Criteria. Pursuant to the provisions of the Protective Covenants for the Cove, as recorded in the Office of the Judge of Probate of Coosa County, Alabama, the Committee has developed the following criteria to be used by the Committee in reviewing plans for proposed dwellings and structures in the Cove and further, to be used either in approving or disapproving such proposed plans.

(a) Design Criteria of Main Dwelling Unit:

(1) It is strongly recommended that all plans for residential construction be prepared by a qualified designer. Homes should be designed using changing rooflines, off-setting wall lines, and architectural features and details to make each dwelling both interesting and attractive. Home using “silts” or of underground design are not allowed. Pre-designed “catalog” plans and “contractor designed” plans will be accepted for review provided they are complete and in sufficient detail to allow a full review by the Committee. No sketch plans nor any incomplete plans will be accepted for review by the Committee. Submitted plans should include a full set of plans, color chip and material samples, site plans and a filled out Architectural review Form. All revisions to the exterior of any plans, regardless of the state of construction, must be submitted to the Committee for review and approval prior to the implementation of such revisions. The Committee reserves the right to retain one(1) complete set of plans for each residence in it files.

(2) Roof lines shall be attractively designed to complement the character of the Lot and the development in general. The use of common asphalt or flat shingles will not be allowed. Architectural (dimensional) shingles, cedar shake, tile or standing seam roof materials are allowed. Other types of roofing material will be considered by the ARC only after a review of samples.

(3) Building materials shall be of natural tones and colors to blend with the overall setting of the development. Bright or shiny surfaces will be subjected to careful review by the Committee.

(4) A garage or similar structure with living quarters located within it must be attached to the main dwelling with either an enclosed hallway (preferred) or covered roof. Such structure shall be located no more than thirty (30) feet from the main dwelling. These types of designs are discouraged and will be closely reviewed by the ARC. Such living quarters, if allowed, cannot be used for rental purposes or other financial gain. Garages shall have doors and should be kept closed at all times except during ingress and egress.

(b) Design Criteria of Fences and Accessory Structures:

(1) Fences shall be used only for screening unsightly areas such as storage receptacles, garbage cans, air conditioners, and the like. Such fences shall not exceed four (4) feet in height and shall be built of materials harmonious with those used in construction of the principal Dwelling Unit but cannot be solid. The use of fencing is encouraged for purpose of pet control. The design, color, material type, and location of any fencing or entrance gates must be approved by the Committee prior to its erection. Pet control fencing shall be limited to a run or pen and shall be no higher than five (5) feet and shall be located sufficiently far away from the High Water Mark elevation to prevent run-off of animal waste into the lake. A side Lot setback of 30 feet will be required for all per runs. Pet runs shall be limited to 400 square feet maximum and be located in an area approved by the Committee. No metallic finished fences will be allowed.

(2) The use of Accessory Buildings, in general, is discouraged, and will be subject to careful review by the Committee. Detached garages are acceptable only if their design enhances the overall of the Dwelling Unit. All Accessory Buildings should be on the same plane (or distance) from the lake as is the main structure (this pertains to lakefront Lots). No accessory structures will be allowed prior to the main dwelling unit. Greenhouses, storage spaces and other structures, if contemplated, should be incorporated into the design of the Dwelling Unit. Plans, specifications and siting of any Accessory Building shall be submitted to and reviewed by the Committee as stated in Article 6 of the Covenants. If approved, the construction may begin. All Accessory Buildings will be required to meet all previously mentioned setback lines and building codes. No “quanset” type metal sheds, carports or storage sheds will be allowed.

(3) Each Cove Lot may construct one gazebo in addition to accessory structure. An Architectural plan for the gazebo will be submitted for review by the ARC and the ARC will follow review procedures similar to the of houses. The gazebo may be placed on waterfront Lots within the thirty (30) foot waterfront setback. A sideyard setback of fifteen (15) feet will be observed. All gazebos shall be open-air only and may be served with electrical power. Plumbing is not permitted.

(c) Review and Inspection:

(1) In addition to other restrictions contained herein, building plans will be subject to the following review procedures: Prior to the preparation of preliminary plans, the Owner or his architect, designer, contractor or other designated representative shall meet with the Committee to discuss design and construction requirements. Based on the results of this meeting, the Owner may begin the design stage at his residence.

(2) Final plans (or modification of same if requested by the Committee) must be submitted to the Committee for review. Unless the Committee shall take formal action on the submitted plans (including modified plans) within sixty (60) days from the date of submission by the Owner, plans will be deemed to have been disapproved. The Committee may request modifications of the plans submitted and the Owners shall make such modifications in a timely manner. The Developer shall keep one (1) set of these approved plans in its possession.

(3) As the final step in the review and approval process and prior to construction, the Committee will designate a representative of the Developer to inspect siting after the house has been field staked and before tree removal and excavation are started. (At this stage, plans will have been formally reviewed and approved by the Committee. The Owner will then be notified in writing of such approval and construction may commence). Inspection may also be made as work progresses to insure compliance with the approval. The second inspection will be required after the footings have been poured and before any additional construction has begun.

(d) Construction Period:

(1) During the construction of any improvements or Dwelling, (i) all Lots and Dwellings shall be maintained in a clean condition, free of debris and waste material, (ii) all unused construction materials shall be stored, to the extent practicable, out of view and (iii) all construction trash, debris and rubbish on each Lot shall be properly disposed of on a regular basis outside the development. Owner should provide a construction waste storage bin or receptacle during the entire construction period. Used construction materials may be burned on-site so long as such burning does not create a nuisance to other Owners or violate the laws, ordinances, codes, statutes, rules or regulations of any applicable Governmental Authority; in no event, however, shall any used construction materials be buried on or beneath any Lot Dwelling or any other portion of the development. No Owner shall allow dirt, mud, gravel or other substances or collect or remain on any street.

(2) During the construction of any Improvements or Dwelling Unit, construction equipment and the vehicles of all contractors, subcontractors, laborers, material men and suppliers shall (i) utilize off-street parking only; (ii) enter the Lot or such Lot or Dwelling; and (iii) not damage trees or other vegetation on such Lot which, pursuant to the provisions of Section 5.9 above, are to be preserved.

(3) Proper erosion control is the responsibility of the Owner and his/her builder. Adequate silt fencing and gravel at the entry drive must be properly installed and maintained. All streets shall be kept free of mud, silt, and debris from erosion and construction traffic. Natural

drainage channels should be maintained undisturbed, to the extent possible, and remain free of trash or debris.

(4) Portable toilets are the responsibility of the Owner or Owner's builder. Owner or Owner's builder shall require all employees and subcontractors to utilize the same.

(5) Washing of trucks, vehicles and other machinery and equipment on the streets are not permitted. The washing of concrete delivery trucks must be on the Lot construction site (the Developer provides no site for this activity). The established speed limit within the entire development is twenty-five (25) miles per hour for all vehicles unless posted otherwise and must be obeyed by all parties entering the development.

(6) Damage to streets, curbs, sidewalks, drainage, inlets, street lights, markers, mailboxes, walls, fences and any other portions of the development will be repaired by the responsible Owner or Owner's builder subject to the approval of the ARC. In the event such damage is not repaired by the Owner within a reasonable time, the ARC or the Developer may repair same, and in such event, the cost of said repairs shall be paid by the responsible Owner or builder within ten (10) days of submission of the repair bill. Repairs will follow standards of construction as set forth by the ARC and Association.

(7) If any telephone, cable television, electrical, water, gas, or other utility lines are damaged, it shall be the responsibility of the Owner or Owner's builder to bear the cost of reinstallation.

(8) Loud radios or excessive noise shall not be allowed. Normal radio levels are acceptable. No builder or service personnel will be permitted to bring pets on the property.

(9) No signage, building permits or other forms of advertisement of any nature shall be attached to any trees or a Lot.

Section 7.26 Swimming Pools and Tennis Courts. The following swimming pool and tennis court restrictions shall apply to all Cove Lots: swimming pools, outdoor hot tubs and whirlpools may be constructed, installed and maintained on Lot or Dwelling subject to the prior written approval of the plans for the same by the ARC and the restrictions contained herein. The ARC shall have the right to adopt further rules and regulations governing the construction of swimming pools and other outdoor water features or amenities within the Property, including the prohibition of same.

Section 7.27 Mailboxes. All mailboxes must be uniform in design and placement as determined by the ARC. Each Owner shall be responsible for purchase and maintenance of mailboxes.

Section 7.28 Compliance with Governmental Regulations. The following governmental regulations restrictions shall apply to all Cove Lots: each Owner and Occupant shall at all times comply with all applicable laws, ordinances, statutes, rules, regulations, requirements and code provisions of the Governmental Authorities.

Section 7.29 Additional Regulations. In addition to the restrictions set forth in these Covenants, the ARC shall have the right, in its sole discretion, from time to time and at any time to adopt, modify and amend the Design Code which restrictions shall apply to all Cove Lots.

Section 7.30 Enforcement and Remedies. The following enforcement and remedy restrictions shall apply to all Cove Lots: if any of the provisions of this Article 7 are breached or are not otherwise being complied with in all aspects by any Owner or Occupant or the respective family member, guests, invitees, agents, employees or contractors of any Owner or Occupant, then the Developer, the Association or the ARC shall have the right, but not the obligation, at its option, to (a) enjoin such violation or noncompliance or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to extinguish or correct such violation or breach. All costs and expenses incurred by the Developer, the ARC or the Association in enforcing any of the provisions of this Article 7, including, without limitation, attorney's fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of any noncompliance or the removal of such violation or in any judicial proceeding, together with any other costs or expenses incurred by the Developer, the ARC or the Association in connection therewith, shall be paid by such Owner who has violated or breached any of the provisions of this Article 7, shall constitute an individual Assessment to such Owner pursuant to Section 9.6 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 9.1 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the rights and remedies of the Developer, the ARC and the Association set forth herein shall not be deemed exclusive of any other rights and remedies that the Developer, the ARC, or the Association may exercise at law or in equity or any of the enforcement rights specifies in Articles 9 and 12 hereafter. The Association or the ARC, at their option and in their discretion, may delegate to the Association any of their respective enforcement rights set forth in these Covenants.

Section 7.31 Restriction of Covenants Running with the Dedicated Cove Lands.

The use restrictions contained in this Article 7 shall run in favor of the Owners of each Cove Lot in dedicated Cove Lands, their or its heirs successors and assigns, and shall constitute covenants running with the dedicated Cove Lands and shall be binding upon all parties and all persons claiming under them until January 1, 2056, at which time said Covenants and Restrictions shall be automatically extended for a successive period of ten (10) years until an instrument signed by a majority of the then Owners of Lots or Condominium Units in dedicated Cove Lands has been executed and recorded agreeing to change said Covenants in whole or in part. The use restrictions pertaining to this Article 7 shall be enforceable by the Developer, the Association as well as the Owner of any Cove Lot (the "Enforcers"). The use covenants may be enforced by any of said Enforcers by judicial proceedings to enforce the provisions or recover damages for their violations. It is hereby declared that irreparable harm will result to the Enforcers by reason of any of such violation and therefore, the Enforcers shall be entitled to relief or injunction or specific performance to enforce the provisions of the use restrictions as well as any other relief available in law and equity. The remedies hereby specified are cumulative and this specification

shall not be deemed to preclude any aggrieved person's resort to any other remedy at law, in equity or under any statute.

Section 7.32 Condominium Use and Development Provisions. EXCEPT FOR THOSE CERTAIN DESIGN AND APPEARANCE REVIEW PROVISIONS CONTAINED IN SECTION, ALL OTHER PROVISIONS NOTWITHSTANDING, THE USE AND DEVELOPMENT RESTRICTIONS SHALL NOT APPLY TO ANY CONDOMINIUM THAT MAY BE CONSTRUCTED ON ADDITIONAL PROPERTY, THE SAME BEING CONTROLLED BY THE CONDOMINIUM DOCUMENTS.

ARTICLE 8

MAINTENANCE RESPONSIBILITIES

Section 8.1 Responsibilities of Owners of Cove Lots and Common Areas.

(a) Unless specifically identified herein as being responsibility of the Association, the maintenance and repair of all Cove Lots and all other Improvements situated thereon or therein and all landscaping on or within a Cove Lot shall be the responsibility of the Owner of such Cove Lot. Each Owner shall be responsible for maintaining his, her or its Cove Lot in a neat, clean and sanitary condition, both inside and outside of any Dwellings or Improvements thereto. Such responsibilities shall include, without limitation, maintaining at all times appropriate paint and stain finishes on all Dwellings and other Improvements and reproofing or replacing roofing shingles when the same become worn or would be replaced by a prudent Owner. No exterior changes, alterations or Improvements shall be made to any Cove Lot without first obtaining the prior written approval of the same from the ARC.

(b) Each Cove Lot Owner may utilize all the natural growth of trees and shrubs as may now exist on such Cove Lot. Any changes in the natural landscape shall be made in accordance with plans and specifications submitted to and approved by the ARC pursuant to Section 6.6 above. All areas of any Cove Lot that are not improved by the construction of a Dwelling thereon shall at all times be maintained by the Owner in a fully and well-kept landscaped condition utilizing ground cover, shrubbery and trees, as appropriate. The maintenance obligations set forth in this Section 8.1(b) shall apply to all portions of a Cove Lot up to the edge of the pavement of any roadway abutting such Cove Lot and shall be applicable at all times, whether before, during or after the construction of any improvements thereon. Rubbish, debris, garbage and waste material shall be promptly removed from any Cove Lot and properly disposed of outside of the Development.

(c) No Owner shall (i) modify, change or otherwise alter the appearance of any portion of the exterior of a Cove Lot or other improvements within a Cove Lot unless such modification, change or alteration is first approved, in writing, by the ARC as provided in Sections 6.5 and 6.6 above or (ii) do any work that, in the reasonable opinion of the ARC would jeopardize the soundness and safety of the Development or the Property, reduce the value thereof or impair any easement or hereditament thereto, without in every such case obtaining the prior written approval of the ARC.

Section 8.2 **Responsibilities of Association.**

(a) Except as may be otherwise provided herein to the contrary, the Association, as applicable, shall be responsible for maintaining and keeping in good repair and condition all portions of its Common Areas, which responsibility shall include the maintenance, repair, upgrade, improvement and replacement of (i) all private streets and roads within the Development (including any upgrade or improvements of any streets, roads or intersections that may be undertaken by Developer pursuant to Section 4.1(b) above), walks, trails, paths, boardwalks, walkways, bicycle and jogging paths and lanes, parking lots, architectural street lights, landscaped areas, recreational areas and other improvements made by Developer, the Association within any of its Common Areas or within any of the easements encumbering the Cove Lots as provided in Article 4, above; (ii) all Cove Roadways; (iii) such limited access systems and facilities, entrance gates and utility lines, pipes, plumbing, wires, conduits and related systems, sanitary sewage disposal system installed by Developer, in Developer's sole discretion, appurtenances, equipment and machinery that are a part of the Common Areas and that are not maintained by a public authority, public service district, public or private utility, or other person; or (iv) all lawns, trees, shrubs, hedges, grass and other landscaping and all lakes and ponds situated within or upon the Common Areas. The Association shall not be liable for injuries or damage to any person or property (1) caused by the elements, acts of God or any Owner or other person, (2) resulting from any surface or subsurface conditions that may at any time affect any portion of the Property caused by rain or other surface water that may leak or flow from any portion of the Common Area onto a Cove Lot, or (3) resulting from theft, burglary or other illegal entry onto the Property, any Cove Lot thereof. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken by or performed by the Association hereunder or for inconvenience or discomfort arising from the making of Improvements or repairs that are the responsibility of the Association or from any action taken by the Association to comply with any requirements of any Governmental Authorities.

(b) If the Board of the Association determines that (i) any Owner has failed or refused to discharge properly his, her or its obligations with regard to the maintenance, cleaning, repair or replacement of items that he, she or it is responsible for hereunder or (ii) any maintenance, cleaning, repair or replacement that the Association is responsible for hereunder is caused by the willful or negligent act of an Owner or Occupant, or their respective family members, guests, employees, invitees or contractors, and the costs of such maintenance, cleaning, repair or replacement are not paid in full from insurance proceeds, if any, received by the Association, with respect thereto, then, in either event, the Association, in addition to the exercise of any of its rights and remedies set forth in these Covenants, may give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair or replacement, at the sole cost and expense of such Owner and setting forth in reasonable detail what action is deemed necessary. Except in the event of emergency situations as determined by the Board, such Owner shall have fifteen days within which to complete the same in a good and workmanlike manner or, if the same is not capable of completion within such fifteen day period, to commence such maintenance, cleaning, repair or replacement and to proceed diligently with the completion

of the same in a good and workmanlike manner. In the event of emergency situations or the failure by any Owner to comply with the provisions hereof after such notice, the Association may provide (but shall not be obligated to provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner and said cost shall be a personal obligation of such Owner, shall constitute an individual Assessment to such Owner, and shall be subject to the lien and foreclosure rights granted pursuant to Sections 9.1 and 9.9 below.

Section 8.3 **Condominium Maintenance Provisions**. ALL OTHER PROVISIONS NOTWITHSTANDING, THE MAINTENANCE RESPONSIBILITIES SHALL NOT APPLY TO ANY CONDOMINIUM ERECTED IN FUTURE PHASES OF THE COVE LANDS, THE SAME BEING CONTROLLED BY THE APPROPRIATE CONDOMINIUM DOCUMENTS.

ARTICLE 9
ASSOCIATION COMMON AREA ASSESSMENTS

Section 9.1 **Lot Assessments and Creation of Lien**. Each Owner of a Cove Lot, by acceptance of a deed or other installment conveying any interest therein, regardless of whether such deed or instrument contains a reference to these Covenants, is hereby deemed to covenant and agree to pay to the Association:

- (a) annual Assessments, as established and to be collected as provided in Section 9.4 below,
- (b) special Assessments, to be established and collected as provided in Section 9.5 below, and (c) individual Assessments against any particular Cove Lot that are established or assessed pursuant to the terms of these Covenants, including, but not limited to, any fines that may be levied or imposed against such Cove Lot in accordance with the provisions of Sections 6.12, 7.30 and 12.1 hereof. All Assessments, together with late charges and interest as provided in Section 9.9(a) below, and all court costs and attorneys' fees incurred by the Association to enforce or collect such Assessments, shall be an equitable charge and a continuing lien upon each Cove Lot for which the Owner thereof is responsible for the payment of the same, which lien may be enforced in the manner provided in Section 9.9(c) below. Each Owner shall be personally liable for the payment of all Assessments coming due while he, she or it is the Owner of any Cove Lot, and such Owner's grantee shall take title to such Cove Lot subject to the equitable charge and continuing lien therefore, but without prejudice to the rights of such grantee to recover from his, her or its grantor any amounts paid by such grantee to the Association that were the legal obligations of such grantor. All Assessments, together with late charges and interest at the Applicable Rate, as specified in Section 9.9(a) below, court costs and attorneys' fees incurred with respect thereto by the Association, shall also be a personal obligation of the person who was the Owner of the Cove Lot at the time such Assessments and other costs and charges were assessed or incurred. In the event of co-ownership of any Cove Lot, all of the Co-Owners shall be jointly and severally liable for the entire amount of such Assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Association. All Assessments shall be payable in all events without offset, diminution or abatement by reason of fire or other casualty or any taking as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof with respect to any Cove

Lot or Common Area or any other portion of the Development or any other cause or reason of any nature.

Section 9.2 **Purpose of Assessments**. The annual and special Assessments provided for herein shall be used for the payment of Common Expenses and for the general purposes of promoting the recreational, health, education, safety, welfare, common benefit and enjoyment of the Owners and Occupants of the Property, and otherwise for the general upkeep and maintenance of the Development, as maybe more specifically authorized from time to time by the Association.

Section 9.3 **Uniform Rate of Assessments for Cove Lots**.

(a) Both annual and special Assessments, as described in Sections 9.4 and 9.5 below, shall be assessed against each Cove Lot in the Property at a uniform rate, with the Owner of each Cove Lot being required to pay his, her or its pro rata portion of such annual and/or special Assessments, as determined by a fraction, the numerator of which shall be one and the denominator of which shall be the total number of Cove Lots in recorded Cove Plats. Each Cove Lot shall be subject to equal annual and special Assessments, EXCEPT THAT AS TO ANY COVE LOTS OWNED BY DEVELOPER, THE ASSESSMENTS SHALL COMMENCE ONE YEAR FROM THE DATE OF RECORDATION OF THE APPLICABLE COVE PLAT. THE ANNUAL ASSESSMENT FOR EACH COVE LOT SHALL NOT EXCEED THE SUM OF ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) FOR THE FIRST FIVE YEARS.

(b) Notwithstanding anything provided in Section 9.3(a) above to the contrary, if any additional property is added to the Property, then the Lots and/or Dwellings within the additional property shall be subject to the same annual or special Assessments then being paid by the Owners of all Lots and Dwellings in the Property, subject to proration as provided in Section 9.9 below.

Section 9.4 **Computation of Annual Assessments**.

(a) Commencing with the fiscal year of the Association that begins on the date of its incorporation through December 31, 2006, and annually thereafter, on January 1 for each subsequent fiscal year of the Association (i.e. from January 1 in each year through December 31 in each year) the Association, shall determine and adopt annually an annual budget covering the estimated Common Expenses for the Property for the upcoming year, such budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The amount set forth in such budget shall constitute the aggregate amount of annual Assessments for the then applicable year and each Owner shall pay his or her pro rata share of the same as provided in Section 9.3 above. A copy of the budget setting forth the amount of annual Assessments to be levied against the Cove Lot for the following year shall be delivered by the Association for each Owner.

(b) **Formula for Computing Assessments**. The Owner of each Cove Lot shall pay his or its pro rata portion of annual and special assessments, as determined by a fraction, the numerator of which shall be one and the denominator of which shall be the total number of Cove

Lots in recorded Cove Plats, subject to annual computation by the Association as set out in Section 9.4(a) above, and further subject to the provisions of Sections 9.3(a) relating to Developer-owned Cove Lots.

(c) Notwithstanding anything provided herein to the contrary, if any additional property is added to the Property then the Cove Lots within the additional property shall be subject to the annual and special assessments being paid by the Owners of all Cove Lots in the Property, pursuant to the formula contained in Section 9.4(b) above, as well as the proration provided in Section 9.8 below.

(d) The Common Expenses to be funded by the annual and special Assessments may include, but shall not be limited to, the following:

(1) Salaries and other compensation paid and out-of-pocket expenses reimbursed by the Association for its employees, agents, officers and any third party contractors;

(2) Management fees and expenses of administration, including legal and accounting fees, incurred by the Association;

(3) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by these Covenants, including, without limitation, public liability coverage and such other insurance coverage as the Board determines to be in the best interest of the Association, including errors and omissions insurance, directors and officers liability insurance and any other liability insurance coverage for the benefit of the Association, the members of the Board, any officers, employees, agents or representatives of the Association or for any of the members of the ARC;

(4) The expenses of maintaining, operating, repairing and replacing any water lift or pump stations installed by Developer, in Developer's sole discretion, servicing any portion of the Property;

(5) The expenses of maintaining, operating and repairing any other amenities and facilities serving the Property that the Association or the Board determines from time to time would be in the best interest of the Owners and the Property to so maintain, operate or repair, including but not limited to, any limited access facilities, such as electrically monitored gates, entrance ways and any related improvements, and the expenses of a guard or guards for the Property;

(6) The expenses of the ARC attributable to the Property that are not defrayed by applicable plan review charges;

(7) The costs and expenses for conducting recreational, cultural or other related programs for the benefit of the Owners and Occupants of the Property;

(8) All other fees, costs and expenses incurred by the Association in accordance with the provisions of these Covenants or that the Board, subject to the prior written approval of the Association, determines to be appropriate to be paid by the Association, including, without limitation, taxes and governmental charges not separately assessed against Cove Lots;

(9) The establishment and maintenance of a reasonable reserve fund or funds (1) to cover emergencies and repairs required as a result of casualties that are not funded by insurance proceeds, and (2) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board, and approved by the Association; and

(10) A proportionate share of the Association Expenses described in Section 9.4(c) below, which proportionate share shall be determined by the Association, in its sole discretion.

(11) The utility charges for any utilities serving any of the Common Areas and charges for other common services for the Development, including, without limitation, trash collection for Common Areas and limited access services;

(12) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by these Covenants;

(13) The expenses of maintaining, operating, repairing, upgrading, improving and replacing any portions of the Common Areas, including, without limitation, roads comprising Common Areas within the Property, which maintenance, upgrade, improvement and repair obligation shall include mowing, landscaping, seeding, cleaning, rubbish pickup and removal, paving, repaving, striping and patching all such roadways comprising Common Areas, and any upgrade or improvement of any intersection of same and any other street or highway undertaken by Developer pursuant to Section 4.1(b) above;

(14) The expenses of maintaining, operating, repairing and replacing any sewer lift station serving any portion of the Common Areas; and

(15) All ad valorem real and personal Property taxes assessed and levied upon any of the Common Areas.

Section 9.5 **Special Assessments**. In addition to the annual Assessments authorized in Section 9.4 above and the special Assessments authorized in Sections 10.1(b) and 10.3(a)(1) below, the Board of the Association, after there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or such earlier date as Developer, in its sole discretion, may determine, may levy in any year special Assessments for Common Expenses or any extraordinary costs incurred by the Association; provided, however, that any such special Assessments (other than special assessments levied

pursuant to Sections 10.1(b) and 10.3(a)(1) below) shall be approved by a majority of the votes of the Owners who are voting in person or by proxy at the meeting called for the purpose of adopting special assessments pursuant to the provisions of Section 9.7 below. The Board may make such special Assessments payable in one lump sum or in installments over a period of time that may, in the Board's discretion, extend beyond the then fiscal year in which said special Assessments are levied and assessed. Special Assessments shall be levied against and payable by each Owner in accordance with the provisions of Section 9.3 and 9.4 above.

Section 9.6 **Individual Assessments**. Any expenses of the Association that, in the opinion of the Board of the Association, are occasioned by the conduct of less than all of the Owners or by an Owner or Occupant, or the respective family members, agents, guest, employees, invitees or contractors of any Owner or Occupant, shall be specially assessed against such Owners and their respective Cove Lot. The individual Assessments provided for in this Section 9.6 shall be levied by the Association Board and the amount and due date of such Assessment shall be specified by the Association Board in a notice to such Owner. The provisions of this Section 9.6 shall apply, without limitation, to any individual Assessments levied pursuant to Sections 6.12, 7.30 and 12.1 hereof.

Section 9.7 **Notice of Meetings and Quorum**.

No meeting of the membership of the Association shall be held until the earlier of the date after which there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or such earlier time as the Developer, in its sole discretion, may determine. Developer may, in its sole discretion, elect to call a meeting of the members of the Association for information purposes, but the calling of such meeting will not in any way waive the right of the Developer to control the membership of the Board of Directors of the Association, including the right to designate the members of the ARC. After the date which there are not Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or such sooner time as Developer, in its sole discretion, determines to relinquish control of the Board of Directors of the Association, meetings of the members of the Association will be held as follows:

(a) Written notice of each annual meeting of the Association shall be sent to all Owners not less than ten days nor more than fifty days in advance of such meeting. With respect to annual meetings, the presence in person or by proxy of Owners entitled to cast over fifty percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, except as hereinafter provided, but the required quorum at the subsequent meeting shall be the presence in person or by proxy of Owners entitled to cast at least one-third of the total votes of the Association. Any notice of any such subsequent meeting shall state that the necessary quorum shall be one-third of the total votes of the Association present in person or by proxy. At such time as a quorum is obtained, the vote of a majority of the Owners who are voting in person or by proxy at such meeting shall be required to approve any matter in which all of the members of the Association are entitled to vote.

(b) Written notice of any meeting of the Association other than an annual meeting shall be sent to all Owners not less than five days nor more than twenty days in advance of such meeting. With respect to any such other meeting of the Association, including, specifically, meetings pursuant to which special Assessments are to be levied upon each Cove Lot pursuant to Section 9.5 above, there shall be no specific requirement establishing a quorum and the vote of a majority of the Owners who are voting in person or by proxy at any such special meeting shall be binding on all of the members of the Association.

Section 9.8 **Date of Commencement of Assessments.** Annual assessments provided herein shall commence for Cove Lots as follows: from the day on which a deed to such Lot from the Developer to a third party is recorded in the Probate Office of Coosa County, Alabama, PROVIDED HOWEVER, that no assessments shall be made against a Cove Lot owned by Developer until one year from recordation of applicable Cove Plat. Annual Assessments and any outstanding special Assessments shall be adjusted for each Cove Lot according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such assessment is made. At such time as Developer no longer has any interest in any portion of the Property, Developer shall have no further obligation of any nature to pay any Assessments.

Section 9.9 **Effect of Non-Payment: Remedies of the Association.**

(a) Each Owner of a Cove Lot is and shall be deemed to covenant and agree to pay to the Association all Assessments provided for herein. If any Assessments or any portion thereof are not paid when due, the same shall be subject to a late charge in an amount determined and uniformly applied by the Board from time to time, and the Owner of such Cove Lot shall be deemed in default herewith. If any Assessments or any portion thereof are not paid within thirty days after the due date of the same, then the unpaid portion of the Assessment shall accrue simple interest at the lesser of eighteen percent per annum or the highest rate that may be charged to said Owner by law (the "Applicable Rate") from the thirtieth day from the due date until the same is paid in full. If the Association employs an attorney or otherwise takes any legal action in attempting to collect any amounts due from any Owner, such Owner agrees to pay all attorneys' fees, court costs and all other expenses paid or incurred by the Association. The lien and equitable charge upon each Cove Lot for Assessments as provided above shall also include all late charges, interest at the Applicable Rate and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in attempting to collect any unpaid Assessments.

(b) In the event any Assessments or other amounts due to the Association are not paid by any Owner when the same becomes due, then in addition to all other rights and remedies provided at law or in equity, the Association, acting through its Board or through any of its officers or authorized representatives, may undertake any or all of the following remedies:

(1) The Association may commence and maintain a suit at law against an Owner to enforce such charges and obligations for Assessments and any such judgment rendered in any such action shall include the late charge and interest at the Applicable Rate, as specified in Section 9.9(a) above, together with attorneys' fees, court costs and all other expenses paid and incurred by the Association in collecting such unpaid Assessments; and/or

(2) The Association may enforce the lien created pursuant to Sections 9.1 and 9.9(c) in the manner hereinafter provided.

(c) There is hereby created a continuing lien on each Cove Lot, with power of sale that secures the payment to the Association of any and all Assessments levied against or upon such Cove Lot, all late charges and interest at the Applicable Rate assessed pursuant to Section 9.9(a) above and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting any Assessments. If any Assessments remain unpaid for more than sixty days, then the Association, through its Board or any officer or authorized representative thereof, may, but shall not be obligated to, make written demand on such defaulting Owner, which demand shall state the date and amount of delinquency. Each default shall constitute a separate basis for a demand and claim of lien, but any number of defaults maybe included in a single demand. If such delinquency is not paid in full within ten days after the giving of such demand or, even without giving demand, the Association may file a claim of lien and perfect its lien against the Cove Lot of such delinquent Owner, which claim shall be executed by any member of the Board of the Association or any officer of the Association, contain the following information and be recorded in the Probate Office of Coosa County, Alabama:

(1) The name of the delinquent Owner;

(2) The legal description and street address of the Cove Lot upon which the Lien claim is made;

(3) The total amount claimed to be due including late charges, interest at the Applicable Rate, collection costs and attorneys' fees incurred to date and a statement, if applicable, that such charges and costs shall continue to accrue and be charged until full payment has been received; and

(4) A statement that the claim of lien is made by the Association pursuant to these Covenants and is claimed against such Cove Lot in an amount equal to that stated therein. The lien provided for herein shall be in favor of the Association, shall be for the benefit of all other Owners (other than those Owners in default) and may be foreclosed in the same manner as now provided by law in the case of past mortgages, and the Association shall be authorized, at its option, to sell the Cove Lot under the power of sale that is hereby given to the Association, at public outcry, to the highest bidder for cash, at the front or main door of the Coosa County courthouse, after first having given notice by publication once a week for three successive weeks of the time, place and terms of such sale, together with a description of the Cove Lot to be sold, by publication in some newspaper published in Coosa County. The sale shall be held between the hours of 11:00 a.m. and 4:00 p.m. on the day designated for the exercise of the power of sale hereunder. The Association shall have the right and power to bid at any such foreclosure sale and to purchase, acquire, hold, lease, mortgage, convey and sell any such Cove Lot. Each Owner, by acceptance of a deed to any Cove Lot, shall be deemed to (1) grant to and vest in the Association and/or its agents the right and power to exercise the power of sale granted herein and foreclose the lien created herein, (2) grant to and vest in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of all amounts due from

such Owner, (3) expressly waive any objection to the enforcement and foreclosure of the lien created herein and (4) expressly waive the defense of the statute of limitations that may be applicable to the commencement of any such suit or action for foreclosure.

Section 9.10 **Subordination of Lien**. Notwithstanding anything provided herein to the contrary, the lien for Assessments and other charges authorized herein with respect to any Cove Lot in the Development is and shall be subordinate to the lien of any Mortgage held by an Institutional Mortgagee, but only to the extent that the Mortgage held by any such Institutional Mortgagee is recorded in the Probate Office of Coosa County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 9.9(c) above. When an Institutional Mortgagee exercises its foreclosure rights provided in its Mortgage and acquires title to or sells to a third party its interest in any Cove Lot, then such Institutional Mortgagee or its purchaser or transferee at such foreclosure sale shall (a) not be liable for any Assessments or other charges incurred prior to the date of transfer or acquisition of title by foreclosure so long as the Mortgage held by such Institutional Mortgagee was recorded in the Probate Office of Coosa County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 9.9(c) above, but (b) be liable for all Assessments other charges levied, assessed or incurred with respect to such Cove Lot from and after the date of such foreclosure sale. The foregoing shall not relieve any Owner whose Cove Lot has been foreclosed from the personal obligation to pay all Assessments and any other charges levied, assessed or incurred by the Association shall have the right to pursue all rights and remedies against a defaulting Owner notwithstanding the foreclosure of a Mortgage by an Institutional Mortgagee on such Owner's Cove Lot.

Section 9.11 **Certificates**. The Association or any officer or authorized representative thereof shall, upon request and at such reasonable times as may from time to time be adopted by the Board, furnish to any Owner a certificate in writing setting forth whether the Assessments for which such Owner is responsible have been paid and, if not paid, the outstanding amount due and other costs and expenses due from such Owner. Such certificate shall be conclusive evidence of payment of any Assessments stated therein.

ARTICLE 10

CASUALTY, CONDEMNATION AND INSURANCE

Section 10.1 Damage or Destruction to Common Areas by Casualty.

(a) In the event of any damage or destruction to any of the Common Areas by fire or other casualty, then, subject to the provisions of this Article 10, the Association shall promptly repair, replace and restore the damaged portions of the Common Areas to the condition to which they existed immediately prior to such fire or other casualty.

(b) A special assessment may be levied against each Cove Lot equally as provided in Sections 9.5 above to make repairs as indicated in Section 10.1(a). Notwithstanding anything provided in Section 10.1(a) above, if the amount of insurance proceeds, if any, recovered as a result of such damage or destruction is insufficient fully to repair, replace and restore the damaged portions of the Common Areas, and such efficiency cannot be appropriated from any reserve fund that may have been established for such purpose, then the Board of the Association,

as applicable, subject to the prior written approval of the Association, may levy a special Assessment against the applicable Owners, without the necessity of a vote of the Owners approving or disapproving the same pursuant to Section 9.5 or 9.6 above, which such special Assessment shall be in an amount sufficient to provide funds to pay a proportionate share of the remaining costs necessary to repair, replace or restore the Common Areas to the condition as existed immediately prior to such fire or other casualty. Such special Assessment shall be levied against each Cove Lot equally as provided in Sections 9.3 and 9.4 above. Further special Assessments may be made by the Board Association on a proportionate share basis, as described above, without the necessity of a vote of the Owners approving, or disapproving the same, at any time during or upon completion of any such repair, replacement or restoration of the Common Areas if funds are insufficient to cover the costs of such repair, replacement or restoration. Any and all insurance proceeds received by the Association on account of any damage to or destruction of any of the Common Areas or any sums paid to the Association by virtue of such special Assessments shall be held by and for the benefit of the Association and shall be disbursed by the Association in payment for the costs of such repair, replacement or restoration in such manner as may be determined by the Association. In no event shall the Owner or Mortgagee of any Cove Lot be entitled to any portion of any special Assessments or proceeds of insurance payable as a result of the damage to or destruction of any portion of the Common Areas.

Section 10.2 **Damage or Destruction to Lots and Dwellings.** In the event of any fire or other casualty that damages or destroys any portion of any Cove Lot or Dwelling, then the Owner of such damaged Cove Lot or Dwelling shall promptly repair and otherwise restore such Cove Lot or Dwelling to the condition to which the same existed immediately prior to such fire or other casualty; provided, however, that any such restoration or repair shall be subject to compliance with all of the provisions set forth in Article 6 above and all then applicable rules, regulations, statutes and ordinances of Governmental Authorities. Any such restoration or repair shall be commenced within one hundred eighty days following the occurrence of such fire or other casualty. The Owner of any such damaged Cove Lot or Dwelling shall proceed diligently and complete all such restoration and repair no later than one year following the occurrence of such fire or other casualty. In the event the restoration or repair of such Cove Lot or Dwelling is impracticable or would otherwise violate any of the provisions of these Covenants, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such fire or other casualty and shall leave such Cove Lot or Dwelling and any remaining Improvements thereon in a clean, orderly, safe and sightly manner.

Section 10.3 **Condemnation of Common Areas.**

(a) In the event of the taking of all or any portion of any of the Common Areas as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof, the award from such taking or sale in lieu thereof shall be paid to the Association, as applicable, and shall be disbursed or held as follows:

(I) To the extent the Common Areas subject to such taking can either be restored or replaced, then, to the extent practicable, the Association shall take such action, including the utilization of any other Common Areas within the Development, to restore or replace, as the case may be, those portions of the Common Areas subject to such taking. If the award is insufficient

to defray fully the cost of such restoration or replacement, and such deficiency cannot be appropriated from any reserve fund that may have been established for such purpose, then the Board of the Association may levy a special Assessment against all Owners, without the necessity of a vote of the Owners approving or disapproving the same pursuant to Sections 9.5 and 9.6 above, which such special Assessment shall be in an amount sufficient to provide funds to pay a proportionate share of the remaining costs of restoration or replacement. Such special Assessment shall be levied against each Owner as provided in Sections 9.5 above. Further special Assessments may be made by the Association Board on a proportionate share basis without the necessity of a vote of the Owners approving or disapproving the same, at any time during or upon the completion of any such restoration or replacement of the Common Areas if the award received as a result of such taking is insufficient to pay the costs of such restoration or replacement.

(II) To the extent the Common Areas subject to such taking cannot be restored or replaced or if the Association shall determine that the portions of the Common Areas so taken should not be restored or replaced, then in any such event, the net award from such taking shall be retained by and for the benefit of the Association.

(b) If any portion of the award from any taking remains after restoration or replacement of any of the Common Areas, the remainder of such award shall be retained by and for the benefit of the Association without any claim thereto any Owner. Except as specifically provided in Section 10.3(c) below, no Owner or Mortgagee of any Cove Lot shall be entitled to any portion of the award made to Association as a result of the taking of any portion of the Common Areas.

(c) If any such taking or sale in lieu thereof includes all or any part of a Cove Lot and also includes any part of the Common Areas, then the award from such taking shall be equitably apportioned in accordance with the decision of a court of competent jurisdiction, and such award shall be disbursed separately to the Association and to the Owners so affected by such taking; provided, however, that the Owners of any Cove Lot that is subject to any such taking and the Association may agree on the amount of such apportionment, which mutual agreement shall be binding on all Owners. It is intent of this Section that the Association shall restore its Common Areas and that the Association shall restore its Common Areas, and each shall retain the applicable proceeds of condemnation not utilized in restoration.

Section 10.4 **Condemnation of Cove Lots**. If all or any portion of a Cove Lot is taken as a result of; in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof; then, to the extent practicable, the Owner of such Cove Lot shall promptly repair, reconstruct, rebuild and otherwise restore the remaining portions of the Cove Lot as nearly as practicable to the condition to which the same existed immediately prior to such taking; provided, however, that any such restoration shall be subject to all of the terms and conditions set forth in Article 6 above and all then applicable rules, regulations, statutes and ordinances of the Governmental Authorities. If the restoration of such Cove Lot is impracticable or would otherwise violate any of the provisions of these Covenants, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such taking and shall leave such Cove Lot and any remaining Improvements thereon in a clean, orderly, safe and sightly condition:

Section 10.5 **Insurance.**

- (a) The Association shall have the right and authority to obtain and maintain at all times adequate property and casualty insurance in such form as the Association deems appropriate for the benefit of the Association insuring all insurable Improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief, which coverage shall be in an amount, with such insurance carriers, at such costs and with such deductibles as the Association, in its sole discretion, may determine.
- (b) The Association shall have the right and authority to obtain and maintain in effect at all times such public liability insurance coverage covering all of the Common Areas in such amounts, with such insurance carriers, at such costs and with such deductibles as the Association, in its sole discretion, may deem necessary or desirable.
- (c) The Board shall have the right and authority to obtain workman's compensation insurance, employer's liability insurance, public liability insurance, and all other types of insurance required by law, including, without limitation, errors and omissions and directors and officers liability insurance coverage, in such amounts, with such insurance carriers, at such costs and with such deductibles as the Board, in its sole discretion, may determine.
- (d) All insurance coverage authorized in Section 10.5(c) above shall be written in the name of the Association and all costs thereof shall be a Common Expense. To the extent the same may be obtained at a nominal cost, all such policies shall contain a waiver of subrogation clause pursuant to which the insurer waives any claims against the Developer, the Association, the members of the Board and all officers, agents and employees, including the manager for the Development, the Association, the Owners and the family members, agents, tenants and guests, of the Owners and shall also name Developer as an additional insured.
- (e) All insurance coverage required in Sections 10.5(a) and 10.5(b) above shall be written in the name of the Association and a proportionate share of all costs thereof shall be a Common Expense.
- (f) Each Owner shall be solely responsible for obtaining and maintaining public liability, property damage, title and all other types of insurance with respect to his, her or its Cove Lot. Each Owner, by acceptance of a deed or other instrument conveying any interest in any Cove Lot, does hereby waive and release Developer, the Association, the ARC, the manager of the Development, employees, representatives, partners, shareholders, members, officers and directors, from any and all liabilities or damage covered by (or that should be covered by) fire and casualty (e.g., homeowner's and builder's risk) insurance and general liability insurance that any Owner maintains, even if such loss or damage has been caused by the fault or negligence of any of the foregoing persons or parties.

Section 10.6 **Damage or Destruction of Common Areas by Owners.** In the event any Common Area is damaged or destroyed by an Owner of a Cove Lot, its guests, employees or

invitees, then in that event said Owner shall promptly cause said damage to be repaired at said Owner's expense, and inspected by the ARC. In the event said Owner does not promptly repair said damage, or does not repair same according to the requirements of the ARC, then in that event, the Association may promptly repair, replace and restore that damaged portion of the Common Area to the condition to which it existed prior to such damage and bill said Owner for the costs of said repairs or replacements. Should the Owner not promptly pay said costs of the repairs or replacements, then the costs of same shall constitute an individual assessment to such Owner pursuant to Section 9.6 above and if same is not paid when due it shall be subject to the lien provided for in Section 9.9(c) above and be subject to foreclosure as provided for therein.

ARTICLE 11

TERM AND AMENDMENTS

Section 11.1 **Term**. Subject to the provisions of Section 11.2, hereafter, the terms, covenants, conditions and restrictions set forth in these Covenants shall run with and bind all of the Property, shall inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, personal representatives, administrators, successors and assigns, and shall be and remain in effect for a period of fifty years from and after the date hereof, after which time these Covenants shall be automatically renewed and extended for successive and continuous period of ten years each, unless, at any time after twenty years from the date hereof, an agreement executed by the Owners of at least two-thirds or more of the Cove Lots within the Property agreeing to terminate or modify these covenants has been recorded in the Probate Office of Coosa County, Alabama; provided, however, that the rights of way and easements established, granted and reserved in Article 3 hereof shall continue and remain in full force and effect for the time periods and duration specified therein.

Section 11.2 **Amendment by Developer**. Until there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or until such earlier date as Developer elects, in its sole discretion, Developer may amend these Covenants by a written instrument filed and recorded in the Probate Office of Coosa County, Alabama, without obtaining the approval of any Owner or Mortgagee; provided, however, that except as otherwise provided in Section 11.4 below, (a) if any amendment proposed by Developer materially and adversely alters or changes any Owner's rights to the use and enjoyment of his, her or its Cove Lot or materially and adversely affects the title to any Cove Lot, then such amendment shall be valid only upon the written consent of the affected Owner or, alternatively, by fifty percent of all of the Owners (including Developer who shall have the voting rights attributable to any Cove Lot owned by Developer) or (b) if any such proposed amendment by Developer would materially and adversely affect the title and interest of any Institutional Mortgagee, such amendment shall be valid only upon the written consent of all such Institutional Mortgagees affected thereby. Any amendment made pursuant to this Section 11.2 shall be certified by Developer and shall be effective when it is recorded in the Probate Office of Coosa County, Alabama. Each Owner, by acceptance of a deed or other conveyance to a Cove Lot and each Mortgagee, by acceptance of a Mortgage on any Cove Lot, agrees to be bound by all amendments permitted by this Section 11.2 and further agrees that, if requested to do so by

Developer, such Owner and Mortgagee will consent to the amendment of these Covenants or any other instrument relating to the Property or the Association if such amendment is (i) necessary to bring any provision hereof into compliance or conformity with the provisions of any law; ordinance, statute, rule or regulation of any applicable Governmental Authority or the judicial decision of any state or federal court, (ii) necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Cove Lot, (iii) required by any Institutional Mortgagee to enable such Institutional Mortgagee to make a Mortgage loan on any Cove Lot or (iv) necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on any Cove Lot within the Property.

Section 11.3 **Amendments by Association after Relinquishment of Control by Developer**. After the date when there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or such sooner date as Developer in its sole discretion determines, amendments to these' Covenants shall be proposed and adopted by the Association in the following manner:

(a) At any annual or special meeting of the members of the Association, an amendment to these Covenants may be proposed by either the Board of the Association or by any Owners provided written notice of same is provided to all Owners at least ten days before such meeting. Any such proposed amendment must be approved by the Owners holding at least two-thirds of the total votes in the Association.

(b) Any and all amendments approved in accordance with the provisions of Section 11.3(a) above shall be executed by all parties whose consent to the same is required, including the Owners holding at least two-thirds of the total votes in the Association; provided, however, that in the alternative, the sworn statement of the President of the Association or by the Chairman of the Board stating unequivocally that the agreement of the requisite number of Owners was lawfully obtained may be attached to and incorporated into such amendment without the written consent of any Owner. Any such amendment shall be effective upon recording of the same in the Probate Office of Coosa County, Alabama.

Section 11.4 **Restrictions on Amendment**. Notwithstanding anything provided in these Covenants to the contrary in no event may any amendment to Sections 2.2, 2.3, 2.4, 2.5, 3.1-3.11, 4.2-4.9, 5.1-5.9, 5.11, 5.13, 6.1-6.8, 7.1, 7.10, 7.14, 7.16, 7.25, 7.29 7.31, 7.32, 9.3, 9.5, 9.7, 9.8, 11.2, 11.3, 11.4, 13.1, and 13.14-13.18 hereof or any other provisions of these Covenants that require Developer's or the Association's consent or approval be effective unless Developer or the Association, as the case may be, consents in writing to any such amendment requiring its consent. The consent of Developer or the Association to any such proposed amendment may be withheld in the sole discretion of Developer or the Association, respectively, with or without any reason.

ARTICLE 12

ENFORCEMENT

Section 12.1 **Authority and Enforcement**. In addition to the provisions of Sections 6.12, 7.30, 8.2(b), 9.6 and 9.9 hereof, if any Owner or Occupant or their respective agents, contractors or invitees, violates any of the provisions of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations adopted by the Board of the Association from time to time, the Board shall have the power to (i) impose reasonable monetary fines that shall constitute an equitable charge and continuing lien upon the Cove Lot and shall be a personal obligation of such Owner that is guilty of such violation, (ii) suspend an Owner's right to vote in the Association or (iii) suspend an Owner's or Occupant's right (and the right of such Owner's or Occupant's family members, guests and tenants) to use any of the facilities located in or upon the Common Areas, and the Board shall have the power to impose all or any combination of any of the foregoing sanctions. Any such suspension of rights may be for the duration of the infraction.

Section 12.2 **Procedure**. In the event any of the terms or provisions of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association are violated by an Owner or Occupant, or the respective agents, contractors or invitees of any Owner or Occupant, the Board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights pursuant to Section 12.1 above unless written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violations which demand shall specify:

- (a) The alleged violation;
- (b) The action required to abate such violation; and
- (c) A time period of not less than ten days during which the violation may be abated without further sanction (if such violation is a continuing one), or (if the violation is not a continuing one), a statement that any further violation of the same provision of these Covenants, the Design Code, the Articles of Incorporation, the Bylaws or any of the rules and regulations of the Association may result in the imposition of sanctions. The foregoing procedure shall only be applicable to the enforcement rights specified in Section 12.1 above and shall not apply to the exercise of any of the rights and remedies specified in any other provision of these Covenants.

Section 12.3 **Nonexclusive Remedies**. Notwithstanding anything provided to the contrary in these Covenants, the authority, enforcement and procedural rights set forth in this Article 12 are in addition to and shall not be deemed to limit the other rights and remedies set forth in these Covenants or that the Association, acting through the Board, would have the right to exercise at law or in equity.

ARTICLE 13

MISCELLANEOUS PROVISIONS

Section 13.1 **Control by Developer**. NOTWITHSTANDING ANYTHING PROVIDED TO THE CONTRARY IN THESE COVENANTS, THE ARTICLES OF INCORPORATION, THE BYLAWS OR IN ANY OTHER DOCUMENT OR INSTRUMENT RELATING TO THE PROPERTY, UNTIL THERE ARE NO DEDICATED COVE LOTS OR DEDICATED

CONDOMINIUM UNITS WITHOUT DWELLINGS CONSTRUCTED THEREON WITHIN THE DEVELOPMENT OR SUCH EARLIER DATE AS DEVELOPER, IN ITS SOLE DISCRETION, ELECTS, DEVELOPER HEREBY RETAINS THE RIGHT TO (I) APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE BOARD OF THE ASSOCIATION AND ANY OFFICER OR OFFICERS OF THE ASSOCIATION; (II) APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE DESIGN REVIEW BOARD; AND (III) DESIGNATE THOSE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION, TO BE ELECTED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION. Each Owner, by acceptance of a deed or other conveyance of any interest in a Cove Lot or Condominium Unit, agrees that Developer shall have the authority to appoint and remove members of the Board and Officers of the Association in accordance with the foregoing Provisions of this Section 13.1 and the provisions of Section 6.2 above, until there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or at such earlier date as Developer determines, in its sole discretion. After the date there are no Dedicated Cove Lots or Dedicated Condominium Units without a dwelling constructed thereon within the Development or such sooner date as Developer may relinquish control, a special meeting of the Association shall be called within a reasonable time thereafter at which time the Owners shall elect a new Board of each association that shall undertake the responsibilities of the Board of the Association and Developer shall deliver all books, accounts and records of the Association, if any, that Developer has in its possession.

Section 13.2 **Legal Expenses**. In addition to the rights and remedies set forth in Articles 6, 7, 8, 9, 10 and 12 hereof if the Association, its agents or representatives, the ARC, its agents or representatives, or the Board, its agents and representatives, undertake any legal or equitable action that any of them deem necessary to abate, enjoin, remove or extinguish any violation or breach of these Covenants, then all costs and expenses incurred by any of them, including, without limitation, attorneys fees and court costs, in enforcing any of the terms, provisions, covenants or conditions in these Covenants shall be paid for by the Owner against whom such action was initiated. The Association, its agents and representatives, the ARC, its agents and representatives, and the Board, its agents and representatives, are each hereby authorized to take any and all legal or equitable action as may be necessary under the circumstances to restrain or enjoin any such violation or breach or to otherwise seek monetary damages as a result of any expenses incurred by either the ARC, the Association to cure such violation or breach.

Section 13.3 **Severability**. If any provision of these Covenants or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of these covenants or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each provision shall be valid and enforceable to the fullest extent permitted by law.

Section 13.4 **Captions and Headings**. The captions and headings contained in these Covenants are for convenience of reference only and shall not be used in the construction or interpretation of any provisions of these Covenants. The table of contents, cover page and any index to these Covenants are for convenience of reference only and shall not define or limit any of the provisions hereof.

Section 13.5 **Pronouns and Plurals**. All personal pronouns used in these Covenants, whether used in the masculine, feminine or neuter gender, shall include all other genders. The use of the singular tense shall include the plural and the use of the plural shall include the singular.

Section 13.6 **Binding Effect**. The provisions of these Covenants shall be binding upon each Owner, Occupant and Mortgagee and the respective heirs, executors, administrators, personal representatives, successors and assigns of each Owner, Occupant and Mortgagee, and shall inure to the benefit of Developer, the Association, the ARC, all of the Owners and their respective Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Section 13.7 **Conflict or Ambiguity**. In the event of any conflict or ambiguity in the provisions of these Covenants, the general rules of construction against one party as a result of that party having drafted these Covenants are hereby waived by each Owner and, to the fullest extent allowed by law, no conflicts or ambiguity shall be resolved in favor or to the advantage of one party as opposed to another in interpreting any ambiguity or conflict contained herein.

Section 13.8 **No Reverter**. No restriction or provision hereof is intended to be or shall be construed as a condition subsequent or a possibility of reverter in favor of Developer nor shall any provision be deemed to vest any reversionary interest in Developer.

Section 13.9 **Interpretation**. In all cases, the provisions in these Covenants shall be construed together and given that interpretation or construction that, in the opinion of Developer, the Board of the Association will best effectuate the intent of the general plan of development for the Property. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication so as to make them fully effective. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes that are less restrictive. The effective date of these Covenants shall be the date hereof. These Covenants shall be construed under and in accordance with the laws of the State of Alabama.

Section 13.10 **Right of Third Parties**. These Covenants shall be recorded for the benefit of Developer, the Association, the Owners and their respective Mortgagees and by such recording, no adjoining property Owner or other third party shall have any right, title or interest whatsoever in the Property or the Development, or in the operation and continuation of either, or in the enforcement of any of the provisions of these Covenants nor shall any of them have the right to consent to or approve any amendment or modification to these Covenants.

Section 13.11 **No Trespass**. Whenever the Association, Developer, the ARC and their respective agents, employees, representatives, invitees, successors and assigns, are permitted by these Covenants to enter upon or correct, repair, clean, maintain or preserve or do any other action within any portion of a Cove Lot, the entering thereon and the taking of such action shall not be deemed a trespass.

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

Section 13.13 **Alabama Fair Housing Law and Federal Fair Housing Act**. Nothing in these Covenants shall conflict with the provisions of the Alabama Fair Housing Law or the Federal Fair Housing Act, as may be amended from time to time.

Section 13.14 **Reservation of Rights**. Notwithstanding anything provided herein to the contrary, no sale, transfer, conveyance, lease, pledge, encumbrance or other hypothecation of any Cove Lot by Developer to a third party shall constitute or be deemed a transfer of any of the rights reserved herein to Developer unless reference is made in such instrument of conveyance to the specific rights created in these Covenants that Developer is transferring to any such third party.

Section 13.15 **Standards for Review**. Whenever in these Covenants Developer, the Association or the ARC has the right to approve, consent to, or require any action be taken pursuant to the terms hereof, such approval, consent or required action shall, except as otherwise specifically provided herein to the contrary, be given or withheld in the sole and absolute discretion of Developer, the Association or the ARC, as the case may be.

Section 13.16 **Oral Statements**. Oral statements or representations by Developer, the Association, the ARC, the manager of the Development, or any of their respective employees agents, representatives, successors or assigns, shall not be binding on Developer, the Association or the ARC or the manager of the Development.

Section 13.17 **Notices**. Notices required hereunder shall be in writing and shall be delivered by hand, by overnight courier, telecopied, or sent by registered or certified United States Mail, postage prepaid return receipt requested. Any notice so addressed and mailed shall be deemed to be given seven days after deposit in the United States Mail, and if delivered by hand, shall be deemed to be given when delivered, and if telecopied or delivered by overnight courier, shall be deemed to be given on the business day immediately following the day that it was sent or delivered. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association or, if no such address has been so designated, at the address of such Owner's respective Cove Lot within the Property. All notices to the Association or the ARC shall be delivered or sent in care of Developer to the following address:

Chelsea Development, Inc.
P.O. BOX 92
Westover, Alabama 35185
ATTENTION: Lynal D. Chappell, Member

or to such other address as the Association or the ARC may from time to time specify in a notice to the Owners. All notices to Developer shall be sent or delivered to Developer at the above address or to such other addresses as Developer may notify the Association.

Section 13.18 **Assignment**. Subject to the provisions of Section 13.13 above, Developer, the Association and the ARC shall each have the right to assign any and all of the rights, powers, reservations and duties contained herein to any person or entity who shall thereupon have the same rights, power, reservations and duties as Developer, the Association and the ARC, respectively.

Section 13.19 **Further Assurances**. Each Owner covenants and agrees to execute, sign and deliver, or cause to be executed, signed and delivered and to otherwise do or make or cause to be done and made, any and all agreements, instruments, papers, deeds, acts or things, supplemental, conformity or otherwise, that may be reasonably requested by Developer, the Association or the ARC for the purpose of clarifying, amending or other consummating any of the transactions and matters herein.

Section 13.20 **No Waiver**. All rights, remedies and privileges granted to Developer, the Association and the ARC pursuant to the provisions of these Covenants shall be deemed to be cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same, or any other party, from pursuing such other and additional rights, remedies or privileges as may be available to such party at law or in equity. The failure at any time to enforce any covenant or restriction set forth herein shall not be deemed a waiver of the right thereafter to enforce such covenant or restriction.

Section 13.21 **Provisions of Condominium Documents**. SHOULD A CONDOMINIUM BE DEVELOPED ON ANY OF THE ADDITIONAL PROPERTY, THE CONDOMINIUM DOCUMENTS MAY CONTAIN APPROPRIATE PROVISIONS RELATIVE TO THE DELEGATION TO THE ASSOCIATION OF RIGHTS TO MAKE ASSESSMENTS AND PERFORM ALL ACTS REQUIRED BY THESE COVENANTS. THE CONDOMINIUM DOCUMENTS MAY GRANT NON-EXCLUSIVE EASEMENTS ACROSS SPECIFIED COMMON AREAS OF THE CONDOMINIUM SUBJECT TO APPROPRIATE USE, MAINTENANCE AND ASSESSMENT PROVISIONS.

IN WITNESS WHEREOF, the said Developer has executed this instrument on this the 10th day of July, 2006.

Chelsea Development, LLC

By: *Lynal D. Chappell*
Lynal D. Chappell

Its: Member

By: *William F. Spratlin*
William F. Spratlin

Its: Member

State of Alabama)
Jefferson County)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Lynal D. Chappell and William F. Spratlin, whose names as Members of Chelsea Development, L.L.C., an Alabama Limited Liability Company, are signed to the foregoing conveyance and who are known to me, acknowledged before on this day that, being informed of the contents of the conveyance, they as such Members and with full authority, executed the same voluntarily for and as the act of said Limited Liability Company.

Given under my hand and seal this 10th day of July, 2006.

[Signature]
Notary Public

My commission expires: June 5, 2007

THIS INSTRUMENT PREPARED BY:
CLAYTON T. SWEENEY
ATTORNEY AT LAW
2700 HIGHWAY 280 EAST SUITE 160
BIRMINGHAM, AL 35223

EXHIBIT A
LEGAL DESCRIPTION

Township 21 North, Range 16 East, Coosa County, Alabama

Section 2: The Southeast Quarter of the Southeast Quarter (SE 1/4 of SE 1/4)

Section 11: The Northeast Quarter (NE 1/4)

All being situated in Coosa County, Alabama.

EXHIBIT "B"

LEGAL DESCRIPTION OF THIRTEEN (13) PROPOSED LOTS IN
THE COVE AT LAKE MITCHELL, 1st SECTOR, more particularly
described on the following 13 pages

PROPOSED LOT 1

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 2,120.77 feet to the point of beginning; thence run North 74 degrees, 02 minutes, 14 seconds East for a distance of 170.07 feet to a point on a curve to the left having a central angle of 59 degrees, 26 minutes, 07 seconds, a radius of 50.00 feet and having a chord bearing of South 45 degrees, 40 minutes, 49 seconds East; thence run along the arc of said curve for a distance of 51.87 feet to a point; thence run South 12 degrees, 15 minutes, 00 seconds West for a distance of 362.68 feet to a point on the Northern shore line of Mitchell Lake; thence meandering along said shore line in a Northwesterly direction for a distance of 149.41 feet to a point on the West line of said quarter section; thence run North 00 degrees, 00 minutes, 00 seconds East for a distance of 269.35 feet to the point of beginning; Said parcel of land containing 56,012 square feet, more or less.

PROPOSED LOT 2

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 2108.63 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 198.98 feet to the point of beginning, said point being on a curve to the left, having a central angle of 45 degrees, 27 minutes, 12 seconds and a radius of 50.00 feet with a chord bearing of North 81 degrees, 52 minutes, 31 seconds East; thence run along the arc of said curve for a distance of 39.67 feet to a point; thence run South 41 degrees, 02 minutes, 16 seconds East for a distance of 291.84 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly to Northwesterly direction along said shore line for a distance of 453.92 feet to a point; thence run North 12 degrees, 15 minutes, 00 seconds East for a distance of 362.68 feet to the point of beginning; said parcel of land containing 76,184 square feet, more or less.

PROPOSED LOT 3

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1,971.97 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 284.00 feet to the point of beginning; thence run South 50 degrees, 39 minutes, 11 seconds East for a distance of 312.36 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction along said shore line for a distance of 202.18 feet to a point; thence run North 41 degrees, 02 minutes, 16 seconds West for a distance of 291.84 feet to a point on a curve to the left having a central angle of 76 degrees, 44 minutes, 30 seconds and a radius of 50.00 feet with a chord bearing of North 20 degrees, 46 minutes, 40 seconds East; thence run along the arc of said curve for a distance of 66.97 feet to a point on a curve to the right having a central angle of 48 degrees, 11 minutes, 23 seconds and radius of 25.00 feet with a chord bearing of North 06 degrees, 30 minutes, 00 seconds East; thence run along the arc of said curve for a distance of 21.03 feet to a point on a curve to the left having a central angle of 15 degrees, 12 minutes, 17 seconds and a radius of 217.14 feet with a chord bearing of North 22 degrees, 59 minutes, 39 seconds East; thence run along the arc of said curve for a distance of 57.62 feet to the point of beginning; said parcel of land containing 43,605 square feet, more or less.

PROPOSED LOT 4

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1915.11 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 291.79 feet to the point of beginning; thence run South 89 degrees, 47 minutes, 40 seconds East for a distance of 127.23 feet to a point; thence run South 55 degrees, 24 minutes, 59 seconds East for a distance of 249.09 feet to a point on a Northwest shore line of Lake Mitchell; thence run in a Southwesterly direction meandering along said Northwest shore line for a distance of 150.66 feet to a point; thence run North 50 degrees, 39 minutes, 11 seconds West for a distance of 312.36 feet to a point on a curve to the left, having a central angle of 15 degrees, 11 minutes, 11 seconds and a radius of 217.14 feet, with a chord bearing of North 07 degrees, 47 minutes, 55 seconds East; thence run along the arc of said curve for a distance of 57.55 feet to the point of beginning; said parcel of land containing 46,691 square feet more or less.

PROPOSED LOT 5

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1,598.47 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 422.36 feet to the point of beginning; thence run South 37 degrees, 40 minutes, 54 seconds East for a distance of 428.90 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction meandering along said shore line for a distance of 139.23 feet to a point; thence run North 55 degrees, 25 minutes, 00 seconds West for a distance of 249.09 feet to a point; thence run South 89 degrees, 47 minutes, 40 seconds West for a distance of 127.23 feet to a point on a curve to the left having a central angle of 17 degrees, 30 minutes, 13 seconds, a radius of 217.14 feet with a chord bearing of North 06 degrees, 18 minutes, 12 seconds West; thence run along the arc of said curve for a distance of 66.33 feet to a point; thence run North 17 degrees, 17 minutes, 53 seconds West for a distance of 184.52 feet to a point on a curve to the right, having a central angle of 93 degrees, 32 minutes, 32 seconds, a radius of 25.00 feet with a chord bearing of North 29 degrees, 28 minutes, 23 seconds East; thence run along the arc of said curve for a distance of 40.82 feet to a point; thence run North 76 degrees, 14 minutes, 39 seconds East for a distance of 182.57 feet to the point of beginning; said parcel of land containing 107,214 square feet or 2.46 acres, more or less.

PROPOSED LOT 6

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1598.47 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 422.36 feet to the point of beginning; thence run North 76 degrees, 14 minutes, 39 seconds East for a distance of 235.80 feet; thence run South 26 degrees, 26 minutes, 36 seconds East for a distance of 379.52 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly meandering along said shore line for a distance of 153.86 feet to a point; thence run North 37 degrees, 40 minutes, 54 seconds West for a distance of 428.90 feet to the point of beginning; said parcel of land containing 75,508.04 square feet or 1.7 acres, more or less.

PROPOSED LOT 7

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1542.40 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds for a distance of 651.39 feet to the point of beginning; thence run North 76 degrees, 14 minutes, 39 seconds East for a distance of 32.86 feet to a point on a curve to the left having a central angle of 15 degrees, 49 minutes, 18 seconds and a radius of 300.00 feet having a chord bearing of North 68 degrees, 20 minutes, 00 seconds East; thence run along the arc of said curve for a distance of 82.84 feet; thence run South 29 degrees, 34 minutes, 39 seconds East for a distance of 283.98 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction meandering along said shore line for a distance of 190.67 feet to a point; thence run North 26 degrees, 26 minutes, 36 seconds West for a distance of 379.52 feet to the point of beginning; Said parcel of land containing 42,751 square feet, more or less.

PROPOSED LOT 8

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1504.10 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 760.06 feet to the point of beginning; said point of beginning being on a curve to the left, having a central angle of 15 degrees, 29 minutes, 56 seconds and a radius of 300.00 feet with a chord bearing of North 52 degrees, 40 minutes, 23 seconds East; thence run along the arc of said curve for a distance of 81.15 feet to a point on a curve to the right having a central angle of 15 degrees, 08 minutes, 04 seconds and a radius of 250.00 feet with a chord bearing of North 52 degrees, 29 minutes, 27 seconds East; thence run along the arc of said curve for a distance of 66.04 feet to a point; thence run South 24 degrees, 22 minutes, 38 seconds East for a distance of 283.39 feet to a point on a Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction meandering along said shore line for a distance of 131.88 feet to a point; thence run North 29 degrees, 34 minutes, 39 seconds West for a distance of 283.98 feet to the point of beginning; said parcel of land containing 36,002 square feet, more or less.

PROPOSED LOT 9

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1414.95 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 876.62 feet to the point of beginning; said point of beginning also being on a curve to the right having a central angle of 26 degrees, 30 minutes, 20 seconds and a radius of 250.00 feet with a chord bearing of North 73 degrees, 18 minutes, 39 seconds East; thence run along the arc of said curve for a distance of 115.65 feet to a point on a curve to the left, having a central angle of 06 degrees, 14 minutes, 20 seconds and a radius of 1,637.26 feet with a chord bearing of North 83 degrees, 26 minutes, 39 seconds East; thence run along the arc of said curve for a distance of 178.28 feet to a point; thence run South 17 degrees, 43 minutes, 04 seconds West for a distance of 219.67 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction meandering along said shore line for a distance of 145.20 feet to a point; thence run North 24 degrees, 22 minutes, 38 seconds West for a distance of 283.39 feet to the point of beginning; said parcel of land containing 49,741 square feet more or less.

PROPOSED LOT 10

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1361.69 feet; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 1163.45 feet to the point of beginning, said point being on a curve to the left having a central angle of 02 degrees, 54 minutes, 49 seconds and a radius of 1,637.26 feet and a chord bearing of North 78 degrees, 52 minutes, 04 seconds East; thence run along the arc of said curve for a distance of 83.25 feet to a point; thence run North 77 degrees, 24 minutes, 40 seconds East for a distance of 39.11 feet to a point; thence run South 08 degrees, 37 minutes, 42 seconds East for a distance of 150.83 feet to a point; thence run South 08 degrees, 33 minutes, 36 seconds West for a distance of 161.64 feet to a point on the North shore line of Mitchell Lake; thence run in a Northwesterly direction meandering along said shore line for a distance of 221.66 feet to a point; thence run North 17 degrees, 43 minutes, 04 seconds East for a distance of 219.67 feet to the point of beginning; Said parcel of land containing 47,624 square feet, more or less.

PROPOSED LOT 11

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1337.09 feet; thence run North 90 degrees, 00 minutes, 00 seconds for a distance of 1283.29 feet to the point of beginning; thence run North 77 degrees, 24 minutes, 40 seconds East for a distance of 118.05 feet to a point; thence run South 12 degrees, 35 minutes, 20 seconds East for a distance of 310.65 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction meandering along said Northwest shore line for a distance of 187.18 feet to a point; thence run North 08 degrees, 33 minutes, 36 seconds East for a distance of 161.64 feet to a point; thence run North 08 degrees, 37 minutes, 42 seconds West for a distance of 150.83 feet to the point of beginning; said parcel of land containing 43,571 square feet, more or less.

PROPOSED LOT 12

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1311.36 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 1398.51 feet to the point of beginning; thence run North 77 degrees, 24 minutes, 40 seconds East for a distance of 73.07 feet to a point on a curve to the left, having a central angle of 10 degrees, 47 minutes, 35 seconds and a radius of 230.00 feet, with a chord bearing of North 72 degrees, 00 minutes, 53 seconds East; thence run along the arc of said curve for a distance of 43.33 feet to a point; thence run South 23 degrees, 22 minutes, 55 seconds East for a distance of 278.22 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southwesterly direction meandering along said Northwest shore line for a distance of 176.60 feet to a point; thence run North 12 degrees, 35 minutes, 20 seconds West for a distance of 310.65 feet to the point of beginning; said parcel of land containing 42,948 square feet more or less.

PROPOSED LOT 13

A parcel of land situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at an iron pin found locally accepted to be the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said quarter-quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said quarter section for a distance of 1282.08 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 1,510.96 feet to the point of beginning, said point being on a curve to the left having a central angle of 27 degrees, 59 minutes, 46 seconds and a radius of 230.00 feet with a chord bearing of north 52 degrees, 37 minutes, 12 seconds East; thence run along the arc of said curve for a distance of 112.38 feet to a point; thence run South 40 degrees, 01 minutes, 59 seconds East for a distance of 280.85 feet to a point on the Northwest shore line of Mitchell Lake; thence run in a Southerly direction along said shore line for a distance of 202.05 feet to a point; thence run North 23 degrees, 22 minutes, 55 seconds West for a distance of 278.22 feet to the point of beginning; said parcel of land containing 38,689 square feet, more or less.

EASEMENT FOR PRIVATE ROADWAY

A 50 foot easement situated in the Northeast quarter of Section 11, Township 21 North, Range 16 East, Coosa County, Alabama, being more particularly described as follows:

Commence at the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 11; thence run South 89 degrees, 23 minutes, 26 seconds West along the North line of said Northeast quarter for a distance of 1,325.55 feet to a 3 inch capped iron found locally accepted to be the Northwest corner of said Northeast quarter; thence run South 00 degrees, 00 minutes, 00 seconds East along the West line of said Northeast quarter for a distance of 375.12 feet to a point; thence run North 90 degrees, 00 minutes, 00 seconds East for a distance of 515.57 feet to the point of beginning, said point also being on the South right-of-way line of Coosa County Highway No. 01 also being a 40 foot prescriptive right-of-way, said point of beginning being on a curve to the left having a central angle of 38 degrees, 56 minutes, 21 seconds, a radius of 185.40 feet, with a chord bearing of North 68 degrees, 37 minutes, 12 seconds East; thence run along the arc of said curve for a distance of 126.00 feet to a point on a reverse curve to the left having a central angle of 25 degrees, 25 minutes, 35 seconds, a radius of 25.00 feet, with a chord bearing of South 36 degrees, 26 minutes, 15 seconds West; thence run along the arc of said curve for a distance of 11.09 feet to a point; thence run South 23 degrees, 43 minutes, 28 seconds West for a distance of 76.19 feet to a point on a curve to the left having a central angle of 33 degrees, 57 minutes, 03 seconds, a radius of 191.67 feet with a chord bearing of South 06 degrees, 44 minutes, 56 seconds West; thence run along the arc of said curve for a distance of 113.57 feet to a point; thence run South 10 degrees, 13 minutes, 35 seconds East for a distance of 96.49 feet to a point on a curve to the left having a central angle of 30 degrees, 08 minutes, 02 seconds, a radius of 196.03 feet with a chord bearing of South 25 degrees, 17 minutes, 36 seconds East; thence run along the arc of said curve for a distance of 103.01 feet to a point; thence run South 40 degrees, 21 minutes, 37 seconds East for a distance of 115.51 feet to a point on a curve to the right, having a central angle of 90 degrees, 00 minutes, 00 seconds, a radius of 89.81 feet with a chord bearing of South 04 degrees, 38 minutes, 23 seconds West; thence run along the arc of said curve for a distance of 141.07 feet to a point; thence run South 49 degrees, 38 minutes, 23 seconds West for a distance 281.53 feet to a point on a curve to the left having a central angle of 19 degrees, 53 minutes, 57 seconds, a radius of 770.18 feet with a chord bearing of South 39 degrees, 41 minutes, 24 seconds West; thence run along the arc of said curve for a distance of 267.49 feet to a point; thence run South 29 degrees, 44 minutes, 26 seconds West for a distance of 207.91 feet to a point on a curve to the left, having a central angle of 33 degrees, 55 minutes, 35 seconds, a radius of 144.66 feet with a chord bearing of South 12 degrees, 46 minutes, 38 seconds West; thence run along the arc of said curve for a distance of 85.66 feet to a point on a curve to the left, having a central angle of 99 degrees, 34 minutes, 12 seconds, a radius of 25.00 feet with a chord bearing of South 53 degrees, 58 minutes, 15 seconds East; thence run along the arc of said curve for a distance of 43.45 feet to a point; thence run North 76 degrees, 14 minutes, 39 seconds East for a distance of 454.29 feet to a point on a curve to the left, having a central angle of 31 degrees, 19 minutes, 14 seconds, a radius of 250.00 feet with a chord bearing of North 60 degrees, 35 minutes, 02 seconds East; thence run along the arc of said curve for a distance of 136.66 feet to a point on a reverse curve to the right, having a central angle of 41 degrees, 38 minutes, 24 seconds, a radius of 300.00 feet,

with a chord bearing of North 65 degrees, 44 minutes, 37 second East; thence run along the arc of said curve for a distance of 218.03 feet to a point on a reverse curve to the left, having a central angle of 09 degrees, 09 minutes, 09 seconds, a radius of 1,587.26 feet, with a chord bearing of North 81 degrees, 59 minutes, 15 seconds East; thence run along the arc of said curve for a distance of 253.55 feet to a point; thence run North 77 degrees, 24 minutes, 40 seconds East for a distance of 230.22 feet to a point on a curve to the left, having a central angle of 38 degrees, 47 minutes, 21 seconds, a radius of 180.00 feet, with a chord bearing of North 58 degrees, 01 minutes, 00 seconds East; thence run along the arc of said curve for a distance of 121.896 feet to a point on a reverse curve to the right, having a central angle of 35 degrees, 14 minutes, 39 seconds, a radius of 220.00 feet with a chord bearing of North 56 degrees, 14 minutes, 39 seconds East; thence run along the arc of said curve for a distance of 135.33 feet to a point; thence run North 73 degrees, 51 minutes, 58 seconds East for a distance of 86.23 feet to a point on a curve to the left, having a central angle of 48 degrees, 11 minutes, 23 seconds, a radius of 25.00 feet, with a chord bearing of North 49 degrees, 46 minutes, 17 seconds East; thence run along the arc of said curve for a distance of 21.03 feet to a point on a reverse curve to the right, having a central angle of 276 degrees, 22 minutes, 46 seconds, a radius of 50.00 feet with a chord bearing of South 16 degrees, 08 minutes, 02 seconds East; thence run along the arc of said curve for a distance of 241.19 feet to a point on a reverse curve to the left, having a central angle of 48 degrees, 11 minutes, 23 seconds, a radius of 25.00 feet, with a chord bearing of North 82 degrees, 02 minutes, 20 seconds West; thence run along the arc of said curve for a distance of 21.03 feet to a point; thence run South 73 degrees, 51 minutes, 58 seconds West for a distance of 86.23 feet to a point on a curve to the left, having a central angle of 35 degrees, 14 minutes, 39 seconds, a radius of 170.00 feet, with a chord bearing of South 56 degrees, 14 minutes, 39 seconds West; thence run along the arc of said curve for a distance of 104.57 feet to a point on a reverse curve to the right, having a central angle of 38 degrees, 47 minutes, 21 seconds, a radius of 230.00 feet with a chord bearing of South 58 degrees, 01 minutes, 00 seconds West; thence run along the arc of said curve for a distance of 155.71 feet to a point; thence run South 77 degrees, 24 minutes, 40 seconds West for a distance of 230.22 feet to a point on a curve to the right, having a central angle of 09 degrees, 09 minutes, 09 seconds, a radius of 1,637.26 feet with a chord bearing of South 81 degrees, 59 minutes, 15 seconds West; thence run along the arc of said curve for a distance of 261.54 feet to a point on a reverse curve to the left, having a central of 41 degrees, 38 minutes, 24 seconds, a radius of 250.00 feet, with a chord bearing of South 65 degrees, 44 minutes, 37 seconds West; thence run along the arc of said curve for a distance of 181.69 feet to a point on a reverse curve to the right having a central angle of 31 degrees, 19 minutes, 14 seconds, a radius of 300.00 feet, with a chord bearing of South 60 degrees, 35 minutes, 02 seconds West; thence run along the arc of said curve for a distance of 163.99 feet to a point; thence run South 76 degrees, 14 minutes, 39 seconds West for a distance of 451.23 feet to a point on a curve to the left, having a central angle of 93 degrees, 32 minutes, 32 seconds, a radius of 25.00 feet, with a chord bearing South 29 degrees, 28 minutes, 23 seconds West; thence run along the arc of said curve for a distance of 40.82 feet to a point; thence run South 17 degrees, 17 minutes, 53 seconds East for a distance of 184.52 feet to a point on a curve to the right, having a central angle of 47 degrees, 53 minutes, 41 seconds, a radius of 217.14 feet, with a chord bearing of South 06 degrees, 38 minutes, 57 seconds West;

thence run along the arc of said curve for a distance of 181.51 feet to a point on a reverse curve to the left, having a central angle of 48 degrees, 11 minutes, 23 seconds, a radius of 25.00 feet, with a chord bearing of South 06 degrees, 30 minutes, 06 seconds West; thence run along the arc of said curve for a distance of 21.03 feet to point on a reverse curve to the right, having a central angle of 276 degrees, 22 minutes, 46 seconds, a radius of 50.00 feet with a chord bearing of North 59 degrees, 24 minutes, 12 seconds West; thence run along the arc of said curve for a distance of 241.19 feet to a point on a reverse curve to the left, having a central angle of 48 degrees, 11 minutes, 23 seconds and a radius of 25.00 feet with a chord bearing of North 54 degrees, 41 minutes, 29 seconds East; thence run along the arc of said curve for a distance of 21.03 feet to a point on a compound curve to the left, having a central angle of 47 degrees, 53 minutes, 41 seconds, radius of 167.14 feet, with a chord bearing of North 06 degrees, 38 minutes, 57 seconds East; thence run along the arc of said curve for a distance of 139.71 feet to a point; thence run North 17 degrees, 17 minutes, 53 seconds West for a distance of 257.37 feet to a point on a curve to the right, having a central angle of 47 degrees, 02 minutes, 19 seconds, a radius of 194.66 feet, with a chord bearing of North 06 degrees, 13 minutes, 16 seconds West; thence run along the arc of said curve for a distance of 159.81 feet to a point; thence run North 29 degrees, 44 minutes, 26 seconds East for a distance of 207.91 feet to a point on a curve to the right, having a central angle of 19 degrees, 53 minutes, 57 seconds, a radius of 820.18 feet, with a chord bearing North 39 degrees, 41 minutes, 24 seconds East; thence run along the arc of said curve for a distance of 284.86 feet to a point; thence run North 49 degrees, 38 minutes, 23 seconds East for a distance of 281.53 feet to a point on a curve to the left, having a central angle of 90 degrees, 00 minutes, 00 seconds, radius of 39.81 feet, with a chord bearing of North 04 degrees, 38 minutes, 23 seconds East; thence run along the arc of said curve for a distance of 62.53 feet to a point; thence run North 40 degrees, 21 minutes, 37 seconds West for a distance of 115.61 feet to a point on a curve to the right, having a central angle of 30 degrees, 08 minutes, 02 seconds, a radius of 246.03 feet, with a chord bearing of North 25 degrees, 17 minutes, 36 seconds West; thence run along the arc of said curve for a distance of 129.41 feet to a point; thence run North 10 degrees, 13 minutes, 35 seconds West for a distance of 96.49 feet to a point on a curve to the right, having central angle of 28 degrees, 58 minutes, 07 seconds, a radius of 241.67 feet, with a chord bearing of North 04 degrees, 15 minutes, 27 seconds East; thence run along the arc of said curve for a distance of 122.19 feet to a point on a reverse curve to the left, having a central angle of 110 degrees, 39 minutes, 06 seconds, a radius of 25.00 feet, with a chord bearing of North 36 degrees, 35 minutes, 05 seconds West; thence run along the arc of said curve for a distance of 48.28 feet to the point of beginning.

This instrument was prepared by:
Clayton T. Sweeney
Attorney At Law
2700 Hwy. 280 East, Suite 160
Birmingham, Alabama 35223

MISC 11 319
Recorded In Above Book and Page
07/09/2007 02:07:44 PM
Terry Mitchell
Probate Judge
Coosa County, Alabama

State of Alabama)

Recording Fee 22.00
TOTAL 22.00

Coosa County)

SUPPLEMENTARY DECLARATION OF
PROTECTIVE COVENANTS FOR
THE COVE AT LAKE MITCHELL, PHASE II

KNOW ALL MEN BY THESE PRESENTS THAT,

WHEREAS, CHELSEA DEVELOPMENT, L.L.C., an Alabama Limited Liability Company, has previously filed a Declaration of Protective Covenants in the Probate Office of Coosa County, Alabama, in Misc. Book 10, Page 556, (the "Original Declaration") for the benefit of certain real property situated in Coosa County, Alabama, which is part of a residential subdivision known as The Cove At Lake Mitchell, 1st Sector, and which is more particularly described in the Plat of The Cove At Lake Mitchell, 1st Sector, as recorded in Map Book 4, at Page 69, all in the Probate Office of Coosa County, Alabama;

WHEREAS, CHELSEA DEVELOPMENT, L.L.C., an Alabama Limited Liability Company, (hereinafter referred to as "Declarant") is the owner of additional real property (the "Subject Property") situated in Coosa County, Alabama, which it proposes to be developed as part of The Cove at Lake Mitchell, Phase II, and which is more particularly described in the Plat

CLAYTON T. SWEENEY, ATTORNEY AT LAW

of The Cove At Lake Mitchell, Phase II, as recorded in Map Book 4, Page 72, in the Probate Office of Coosa County, Alabama.

WHEREAS, the Declarant desires to submit the Subject Property to the Original Declaration in accordance with and pursuant to Section 2.02 of the Original Declaration which permits the owner of any property, with the approval in writing of the Association (as defined in the Original Declaration), to submit such property to the Original Declaration by filing a Supplementary Declaration to that effect in the Office of the Judge of Probate of Coosa County, Alabama;

NOW THEREFORE, the Declarant, together with The Cove At Lake Mitchell Association, Inc. (the "Association") do, upon the recording hereof, declare and make the Subject Property and any portion thereof subject to the covenants, conditions, restrictions, uses, limitations and affirmative obligations of the Original Declaration, as heretofore amended and as amended hereby, all of which are declared to be in furtherance of a plan for the use and improvement of the Subject Property in a desirable and uniform manner suitable in architectural design and for the enforcement of such uniform standards and the maintenance and preservation of the common amenities within the property subject to the Original Declaration.

ARTICLE I

The Declarant hereby reaffirms and restates the terms and provisions of the Original Declaration as recorded in Misc. Book 10, Page 556, in the Probate Office of Coosa County, Alabama, their entirety without any change whatsoever, except as follows:

1. The legal description of the property subject to the Original Declaration as recorded in Misc. Book 10, Page 556, in the Probate Office of Coosa County, Alabama, is hereby amended to include the Subject Property described as the Plat of The Cove At Lake Mitchell, Phase II, as recorded in Map Book 4, Page 72, in the Probate Office of Coosa County, Alabama.

All other terms and conditions of paragraph 1.02 of the Original Declaration shall remain in full force and effect unaltered.

Declarant hereby declares that said provisions of the Original Declaration as so amended shall run with the land and be binding upon, and shall insure to the benefit of, the Subject Property and all parties having or acquiring any right, title or interest in and to the Subject Property or any part thereof, and their successors in interest.

ARTICLE III

The Association has joined in the execution of this Supplemental Declaration for the purpose of evidencing its written approval of the submission of the Subject Property to the Original Declaration as herein provided and does hereby authorize the filing of this Supplemental Declaration with the Office of the Judge of Probate of Coosa County, Alabama.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed as of the 29th day of May, 2007.

DECLARANT:

CHELSEA DEVELOPMENT, L.L.C., an Alabama Limited Liability Company

By: William F. Spratlin
William F. Spratlin, Member

The Cove At Lake Mitchell
Association, Inc.

By: William F. Spratlin

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that William F. Spratlin, whose name as Member of CHELSEA DEVELOPMENT, L.L.C., an Alabama Limited Liability Company, is signed to the foregoing Supplemental Declaration of Protective Covenants, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing Supplemental Declaration of Protective Covenants, she, as such member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal of office this 29th day of May, 2007.

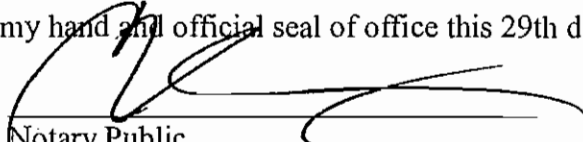
[Signature]
Notary Public
My Commission Expires: 5-1-2011



STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State hereby certify that William F. Spratlin, whose name as Vice-President of The Cove At Lake Mitchell Owner's Association, Inc., an Alabama nonprofit corporation, is signed to the foregoing Supplemental Declaration of Protective Covenants, and who is known to me, acknowledged before me on this day that, being informed of the contents of the Supplemental Declaration of Protective Covenants, he as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal of office this 29th day of May, 2007.



Notary Public
My Commission Expires: 6-5-2007

