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DECLARATION OF CONDOMINIUM
OF
RIVERBEND, A CONDOMINIUM

STATE OF ALA. MARSHALL CO
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J. L. Bond
JUDGE OF COURSE

THIS DECLARATION, made this 10th day of October, 1974, by ANNE HOMES, INC., a corporation organized and existing under the laws of the State of Alabama, herein called "Developer", for itself, its successors, grantees and assigns; and by PEOPLES NATIONAL BANK of Huntsville, Alabama, and SECURITY FEDERAL SAVINGS & LOAN ASSOCIATION of Huntsville, Alabama, herein called mortgagees.

WHEREAS, Anne Homes, Inc., a corporation, is the fee simple owner of those certain parcels of real estate situated in the County of Marshall, State of Alabama, hereinafter more particularly described, and intends to improve said lands in the manner hereinafter described; and

WHEREAS, Peoples National Bank of Huntsville and Security Federal Savings & Loan Association of Huntsville each hold a first mortgage on part of such real estate, and as such mortgagees are executing this Declaration in accordance with Title 47, Section 313 (7) Code of Alabama.

Developer proposes to establish a condominium, which shall be known as RIVERBEND, a condominium in phases but reserves the right and option, in its sole discretion, to complete only one (1) phase as market or other considerations may dictate.

Phase I will consist of twenty-two (22) buildings, containing a total of seventy-three (73) units, together with the access, parking and recreational facilities hereinafter described. Subsequent Phases will consist of approximately forty-one (41) buildings, containing a total of not more than one hundred forty-five (145) units, together with the access and parking facilities and the recreational facilities hereinafter described.

Phase I of the condominium will be created by the recording of this Declaration, which may be amended by Developer, without requiring the approval or consent of any of the unit owners, to include subsequent phases. In no event will subsequent phases have the benefit of the common elements created and established for Phase I, nor will Phase I have the benefit of the common elements created and established for subsequent phases, unless and until such phases are included in condominium by appropriate incremental certificate or certificates of amendment to this Declaration as hereinafter provided.

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BOOK 1 PAGE 1

NOW THEREFORE, Anne Homes, Inc., hereby makes the following declaration as to the division to which the said real estate and improvements thereon may be put, hereby specifying that said Declaration shall constitute covenants to run with the land and shall be binding upon Developer, its successors and assigns, and all subsequent owners of all or any part of said real estate and improvements, together with their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. PURPOSE. The purpose of this Declaration is to submit the real estate hereinafter described and the improvements to be constructed thereon to the condominium form of ownership and use in the manner provided by the "Condominium Ownership Act", Title 47, Section 313(1), et seq., Code of Alabama, 1940, as recompiled and supplemented.

2. NAME. The name by which this condominium is to be known and identified is RIVERBEND, a condominium.

3. THE LAND. The lands owned by DEVELOPER which are herewith submitted to the condominium form of ownership are the following described lands situated, lying and being in the County of Marshall, State of Alabama, to-wit: -

PHASE I

TRACT I:

All that part of the Southwest quarter of Section 18, Township 7 South, Range 4 East, more particularly described as beginning at the Southwest corner of Section 18, Township 7 South, Range 4 East; thence North 76 degrees 06 minutes 43 seconds East 650.18 feet to a point on the East margin of an unnamed road or street, said point is the true point of beginning, and also the point of curvature of a 15 degrees 42 minutes curve, that has a radius of 389.70 feet; thence from the true point of beginning in a northerly direction around the arc of said curve 183.53 feet to the point of tangency; thence North 13 degrees 06 minutes West 250.62 feet to the point of curvature of a 13 degrees 09 minutes 26.64 seconds curve, that has a radius of 410.47 feet; thence in a Northerly direction around the arc of said curve 93.85 feet to the point of tangency; thence due North 33.0 feet to the point of curvature of a 24 degrees 19 minutes 20.64 seconds curve that has a radius of 210.54 feet; thence in a Northerly direction around the arc of said curve 88.07 feet to the point of curvature of a 11 degrees 20 minutes curve that has a radius of 480.51 feet; thence in a Northeasterly direction around the arc of said curve 110.42 feet to the point of tangency; thence North 37 degrees 08 minutes East 41.47 feet, to the point of curvature of a 32 degrees 39 minutes 57.24 seconds curve, that has a radius of 200.40 feet; thence in a Northwesterly direction around the arc of said curve 374.42 feet to the point of tangency; thence North 54 degrees 21 minutes West 404.14 feet; thence leaving the North margin of an unnamed road or street, the following bearings and distances:

North 37 degrees 32 minutes East 42.74 feet;
 North 76 degrees 59 minutes East 55.41 feet;
 North 51 degrees 08 minutes East 12.73 feet;
 South 38 degrees 52 minutes East 6.17 feet;
 North 76 degrees 59 minutes East 94.71 feet;
 South 43 degrees 05 minutes East 56.25 feet;
 South 49 degrees 34 minutes East 141.87 feet;
 South 20 degrees 16 minutes East 69.29 feet;

North 88 degrees 22 minutes East 105.04 feet;
South 45 degrees 30 minutes East 81.32 feet;
South 31 degrees 14 minutes East 71.34 feet;
South 15 degrees 28 minutes East 67.45 feet;
South 3 degrees 24 minutes East 117.21 feet;
South 2 degrees 55 minutes West 78.10 feet;
South 2 degrees 05 minutes East 82.06 feet;
South 71 degrees 12 minutes West 99.30 feet;
South 7 degrees 59 minutes West 186.82 feet;
South 19 degrees 48 minutes West 106.28 feet;
South 8 degrees 14 minutes East 300.10 feet;
South 20 degrees 15 minutes West 89.54 feet;
South 32 degrees 24 minutes West 61.59 feet;
and North 75 degrees 57 minutes 27 seconds West 88.81 feet, to the true point of beginning. Containing 5.96 acres, more or less.

TRACT II:

All that part of the Southwest quarter of Section 18, Township 7 South, Range 4 East, more particularly described as beginning Southwest corner of Section 18, Township 7 South, Range 4 East; thence along the West boundary line of said Section 18, North 0 degrees 15 minutes 900.00 feet to "T.V.A." concrete monument No. 74; thence North 27 degrees 04'54" East 550.50 feet to a point on the East margin of an unnamed road or street, said point is the true point of beginning; thence from the true point of beginning the following bearings and distances:

North 37 degrees 32 minutes East 48.49 feet;
South 54 degrees 21 minutes East 404.95 feet to the point of curvature of a 27 degrees 20 minutes 53 seconds curve, that has a radius of 150.40 feet; thence in a Southeasterly direction around the arc of said curve 294.59 feet to the point of tangency; thence South 37 degrees 08 minutes West 160.59 feet to the point of curvature of a short radius curve the radius being 17.65 feet; thence in a Southwesterly direction along the arc of said short radius curve 36.67 feet to the point of tangency; thence North 23 degrees 49 minutes West 173.61 feet to the point of curvature of a 13 degrees 01 minutes 29.64 seconds curve, that has a radius of 464.89 feet; thence in a Northwesterly direction around the arc of said curve 146.73 feet to the point of tangency; thence North 41 degrees 54 minutes West 170.03 feet to the point of curvature of a 47 degrees 35 minutes 45.60 seconds curve that has a radius of 95.38 feet; thence in a Northeasterly direction around the arc of said curve 132.23 feet to the point of tangency, which is the true point of beginning. Containing 2.53 acres, more or less.

LOOP ROAD NO. 1:

All that part of the Southwest Quarter of Section 18, Township 7 South, Range 4 East, more particularly described as beginning at the Southwest corner of said Section 18; thence North 0 degrees 15 minutes East 900.0 feet along the West boundary line of Section 18, Township 7 South, Range 4 East to "T.V.A." Concrete Marker No. 74; thence North 10 degrees 32 minutes 55 seconds East 653.03 feet to a point on the East margin of Highway No. 79, said point is the true point of beginning; thence from the true point of beginning, a 25 foot strip of land taken evenly off each side from the centerline of Loop Road No. 1, described by the following bearings and distances:

South 70 degrees 20 minutes East 46.12 feet to the point of curvature of a 16.0877 degrees curve, that has a radius of 356.14 feet; thence around the arc of said 16.0877 degrees curve 99.35 feet to the point of tangency; thence South 54 degrees 21 minutes East 424.14 feet to the point of curvature of a 27.3481 degrees curve, that has a radius of 209.50 feet; thence around the arc of said 27.3481 degrees curve 334.51 feet, to the point of tangency; thence South 37 degrees 08 minutes West 41.47 feet to the point of curvature of a 11.3343 degrees curve, that has a radius of 505.51 feet; thence around the arc of said 11.3343 degrees curve 116.17 feet to the point of curvature

of a 24.3224 degrees curve, that has a radius of 235.54 feet; thence around the arc of said 24.3224 degrees curve 98.53 feet to the point of tangency; thence due South 33.0 feet to the point of curvature of a 13.1574 degrees curve, that has a radius of 435.47 feet; thence around the arc of said 13.1574 degrees curve, 99.56 feet to the point of tangency; thence South 13 degrees 06 minutes East 250.62 feet to the point of curvature of a 15.71019 degrees curve, that has a radius of 364.70 feet; thence around the arc of said 15.71019 degrees curve 171.76 feet to the end of right-of-way for Loop Road No. 1. There are also, two small triangular parcels of lands on the North and South side at the beginning of this right-of-way that intersects with the East margin of Highway No. 79, containing 2.01 acres, more or less.

LOOP ROAD NO. 2:

All that part of the Southwest quarter of Section 18, Township 7 South, Range 4 East, more particularly described as beginning at the Southwest corner of said Section 18; thence North 0 degrees 15 minutes East along the West boundary line of Section 18, Township 7 South, Range 4 East to "T.V.A." Concrete Marker No. 74; thence North 10 degrees 32 minutes 55 seconds East 653.03 feet to a point on the East margin of Highway No. 79; thence South 70 degrees 20 minutes East 96.12 feet to a point; thence South 54 degrees 21 minutes East 80.0 feet to the intersection of Loop Road No. 1 and Loop Road No. 2; thence South 37 degrees 32 minutes West 25.0 feet to the true point of beginning; thence from the true point of beginning, a 25 foot strip of land taken evenly off each side from the centerline of Loop Road No. 2, described by the following bearings and distances:

South 37 degrees 32 minutes West 48.49 feet to the point of curvature of a 47.5960 degrees curve, that has a radius of 120.38 feet; thence around the arc of said 47.5960 degrees curve 166.89 feet to the point of tangency; thence South 41 degrees 54 minutes East 135.10 feet to the intersection of Loop Road No. 3; thence South 41 degrees 54 minutes East 34.93 feet to the point of curvature of a 13.0249 degrees curve, that has a radius of 439.89 feet; thence around the arc of said curve 138.84 feet to the point of tangency; thence South 23 degrees 49 minutes East 274.31 feet to the intersection of Loop Road No. 1, also, all that small parcel of land left in the wye, or forks of Loop Road No. 1 and Loop Road No. 2. Containing 0.92 acres, more or less.

As to Loop Road No. 1 and Loop Road No. 2, Developer reserves for itself, its successors, assigns, grantees and invitees, a nonexclusive right-of-way for ingress and egress.

The land owned by DEVELOPER which will be submitted to the condominium form of ownership when subsequent phases are included in the condominium by the recording of an incremental certificate or certificates of amendment to this Declaration, as hereinafter provided, are the following described lands situated, lying and being in the County of Marshall, State of Alabama, to-wit:

SUBSEQUENT PHASES

All that part of the Southwest quarter of Section 18, Township 7 South, Range 4 East, more particularly described as beginning at the Southwest corner of Section 18, Township 7 South, Range 4 East; thence along the West boundary line of said Section 18, North 0 degrees 15 minutes East 900.0 feet to "T.V.A." concrete monument No. 74; thence North 56 degrees 21 minutes 14 seconds East 266.65 feet to a point on the East margin of an unnamed road or street; which is true point of beginning; thence from the true point of beginning the following bearings and distances:

North 55 degrees 12 minutes East 123.04 feet;
South 41 degrees 54 minutes East 12.85 feet to the point of curvature of a 13 degrees 01 minutes 29.64 seconds curve that has a radius of 414.89 feet; thence in Southeasterly direction around the arc of said curve 130.94 feet to the point of tangency; thence South 23 degrees 49 minutes East 224.31 feet to the point of curvature of a 24 degrees 09 minutes 56 seconds curve, that has a radius of 212.10 feet; thence in a Southeasterly direction around the arc of said curve 88.17 feet to the point of tangency; thence due South 33.00 feet to the point of curvature of a 13 degrees 09 minutes 26.64 seconds curve, that has a radius of 460.47 feet; thence in Southerly direction around the arc of said curve 105.05 feet to the point of tangency; thence South 13 degrees 06 minutes East 250.62 feet to the point of curvature of a 15 degrees 42 minutes 36.72 seconds curve, that has a radius of 339.70 feet; thence in a Southerly direction around the arc of said curve 159.98 feet to the point of curvature of 27 degrees 45 minutes 33.12 seconds curve, that has a radius 181.40 feet; thence in a Southwesterly direction around the arc of said curve 145.64 feet to the point of curvature of a 44 degrees 34 minutes 52.68 seconds curve, that has a radius of 103.52 feet; thence in a Westerly direction around the arc of said curve 136.59 feet to the point of curvature of a 23 degrees 43 minutes 21.36 seconds curve, that has a radius of 216.52 feet; thence in a Northwesterly direction around the arc of said curve 119.86 feet to the point of tangency; thence North 12 degrees 48 minutes West 328.60 feet to the point of curvature of a 5 degrees 50 minutes 21.12 seconds curve, that has a radius of 956.23 feet; thence in a Northerly direction around the arc of said curve 105.14 feet to the point of tangency; thence North 6 degrees 30 minutes West 358.12 feet to the point of curvature of a 46 degrees 14 minutes 49.92 seconds curve, that has a radius of 98.89 feet; thence in a Northeasterly direction around the arc of said curve 106.49 feet to the point of tangency, which is the true point of beginning. Containing 6.39 acres, more or less.

TRACT II:

All that part of the Southwest quarter of Section 18, Township 7 South, Range 4 East, also all that part of the Northwest quarter of Section 19, Township 7 South, Range 4 East, more particularly described as beginning at the Southwest corner of Section 18, Township 7 South, Range 4 East, which is the true point of beginning; thence along the West boundary line said Section 18, the following bearings and distances:

North 0 degrees 15 minutes 900.0 feet;
North 77 degrees 10 minutes West 47.0 feet;
North 1 degrees 14 minutes East 87.59 feet;
South 84 degrees 25 minutes 28 seconds 175.00 feet to a point on the West margin, also the arc of a 46 degrees 14 minutes 49.92 seconds curve, that has a radius of 148.89 feet, on an unnamed road or street; thence in a Southerly direction around the arc of said curve, 31.30 feet to the point of tangency; thence South 6 degrees 30 minutes East 358.12 feet to the point of curvature of a 5 degrees 50 minutes 21.12 seconds curve, that has a radius of 1006.23 feet; thence in a Southerly direction around the arc of said curve 110.64 feet to the point of tangency; thence South 12 degrees 48 minutes East 328.60 feet to the point of curvature of a 23 degrees 43 minutes 21.36 seconds curve, that has a radius of 266.52 feet; thence in a Southeasterly direction around the arc of said curve 147.53 feet to the point of curvature of a 44 degrees 34 minutes 52.68 seconds curve, that has a radius of 153.52 feet; thence in a Easterly direction around the arc of said curve 127.95 feet; thence leaving the South margin of an unnamed road or street, South 12 degrees 32 minutes West 43.05 feet to the point of curvature of a 45 degrees 07 minutes 37.92 seconds curve; that has a radius of 101.97 feet; thence in a Southwesterly direction around the arc of said curve 76.53 feet to the point of tangency; thence South 55 degrees 32 minutes West 85.15 feet to a point on the South property line; thence along said property line, North 63 degrees 58 minutes West 367.55 feet to the Southwest corner of Section 18, Township 7 South, Range 4 East, and the true point of beginning. Containing 5.75 acres, more or less.

LOOP ROAD NO. 3:

All that part of the Southwest quarter of Section 18, Township 7 South, Range 4 East, more particularly described as beginning at the Southwest corner of said Section 18; thence North 76 degrees 43 seconds East 650.18 feet to the East margin of Loop Road No. 1, also the East margin of Loop Road No. 3; thence North 76 degrees 07 minutes West 25.0 feet to the true point of beginning; thence from the true point of beginning, a 25.0 foot strip of land taken evenly off each side from the centerline Loop Road No. 3, described as beginning at the point of curvature of a 27.75917 degree curve, that has a radius of 206.40 feet; thence in a Southerly direction around the arc of said 27.75917 degree curve 165.71 feet to the point of curvature of a 44.5813 degree curve, that has a radius of 128.52 feet; thence in a southwesterly direction around the arc of said 44.5813 degree curve 169.58 feet to the point of curvature of a 23.7226 degree curve, that has a radius of 241.52 feet; thence in a Northwesterly direction around the arc of said 23.7226 degree curve 133.70 feet to the point of tangency; thence North 12 degrees 48 minutes West 328.60 feet to the point of curvature of 5.8392 degree curve, that has a radius of 981.23 feet; thence in a Northerly direction around the arc of said 5.8392 degree curve 107.89 feet to the point of tangency; thence North 6 degrees 30 minutes West 358.12 feet to the point of curvature of a 46.2472 degree curve, that has a radius of 123.89 feet; thence in a Northeasterly direction around the arc of said 46.2472 degree curve 133.41 feet to the point of tangency; thence North 55 degrees 12 minutes East 119.93 feet to the intersection of West margin of Loop Road No. 1. Containing 1.74 acres more or less.

As to Loop Road No. 3, Developer reserves for itself, its successors, grantees and invitees assigns, a nonexclusive right-of-way for ingress and egress.

(c). POST OFFICE ADDRESS. The post office address of said land is RIVERBEND, Route 6, Box 116 B, Guntersville, Alabama.

4. DEFINITIONS. The terms used herein and in the By-Laws shall have the meanings stated in the Condominium Ownership Act of Alabama, and as follows: -

(a). "ASSOCIATION" means the RIVERBEND ASSOCIATION, INC., and its successors, and is the association of Unit Owners referred to in said Act.

(b). "COMMON ELEMENTS" means common areas and facilities as defined in said Act, including but not limited to all parts of the condominium property not included within the unit boundaries as described hereinafter, and shall include the utility spaces, and the tangible personal property required for the maintenance and operation of the condominium as well as the items stated in the Condominium Ownership Act of Alabama.

(c). "COMMON EXPENSES" includes those as defined in said Act, together with the expenses for which unit owners are liable to the Association, actual or estimated.

(d). "DECLARATION" means this Declaration and all amendments thereto hereafter made.

5. DEVELOPMENT PLAN.

.1. PHASE I PLANS. The Phase I improvements will be constructed by DEVELOPER substantially in accordance with the plans and specifications therefor which plans are identified as Exhibit "B", hereto attached and by reference made a part hereof, including a set of the floor plans of each type of unit showing the lay-out, location, the designating numbers of each unit in each building, which said buildings have no names but the units of which are numbered 1 through 73 inclusive. There are four (4) types of units. The dimensions of each unit are found by determining the type of the unit from the Site Plan (Exhibit "A") or from the schedule thereof which appears in Exhibit "C" hereto attached, and by reference to the type drawings (Exhibit "B"), and to the floor plans and elevations.

.2. This Declaration may be amended as to the Phase I improvements by the filing of such additional plans as may be required to accurately describe the improvements of Phase I of the condominium and in order to show completion of improvements. No such amendment shall change the location of any unit, after such unit has been deeded by DEVELOPER, without the prior written consent of the owner of such unit and the mortgagee thereof, if any.

.3. Incremental Development. DEVELOPER, at its sole option, may develop the project on an incremental basis by filing an incremental certificate or certificates of amendment to this Declaration at the time of or prior to the recordation of the first conveyance of a unit in any subsequent phase; provided, however, that if such incremental certificate or certificates of amendment be not filed on or before five (5) years from the date of the filing of this Declaration, the DEVELOPER shall have the right to use and/or dispose of such land described in Paragraph 3.(b) of this Declaration, which has not been included by incremental certificate or certificates of amendment, free of and discharged from the provisions of this Declaration. Further, Developer may, in its sole discretion, prior to the expiration of such five (5) year period, elect to remove any or all of such land described in Paragraph 3.(b) of this Declaration which has not been included by incremental certificate or certificates of amendment, and any such land so removed shall be free of and discharged from the provisions of this Declaration.

.4. Subsequent Phases shall consist of not more than one hundred forty five (145) units in approximately forty-one (41) buildings. Such units shall be constructed in substantial conformity with the plans and specifications identified on Exhibit "B".

.5. The plans and specifications of units constructed in Phase I and/or subsequent phases may be altered or amended from time to time by DEVELOPER to meet marketing requirements as DEVELOPER, in its sole discretion, deems necessary. No such alteration or amendment shall substantially reduce the size or quality of any unit.

.6. EASEMENTS. Easements are reserved throughout the condominium property as may be required for utility services in order to adequately serve the condominium; provided, however, such easements to a unit shall be only in accordance with the plans and specifications for the buildings or as the buildings are constructed unless approved in writing by the unit owner. Each unit owner shall have an easement in common with the owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common

elements serving such other units and located in such unit. The Association shall have a right of access to each unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common elements contained therein or elsewhere in any building.

.7. IMPROVEMENTS AND PRINCIPAL MATERIALS OF WHICH CONSTRUCTED. (a).

Phase I improvements constructed and to be constructed upon the land hereinbefore described as to Phase I will include and will be limited to five (5) buildings, each containing two (2) units, and nine (9) buildings each containing three (3) units and four (4) buildings containing four (4) units and four (4) buildings containing five (5) units. The buildings will be on reinforced concrete slabs, will be of wood frame throughout. Each unit will be equipped with range with oven, disposal, dishwasher, and central heating and air conditioning. The condominium will also include access areas, parking areas, lawn areas, a recreation facility which will include a swimming pool, two tennis courts, and a clubhouse building located substantially as shown in the plans and drawings. The Clubhouse Building is included as a part of the condominium subject to the right of its present tenant to retain possession and right of ingress and egress for a period which expires March 1, 1975.

(b). In the event that the DEVELOPER at its sole option elects to incorporate subsequent phases into the condominium, improvements to be constructed upon land hereinbefore described in paragraph 3.(b) may include but will be limited to one hundred forty five (145) units in approximately forty one (41) buildings. The common elements of Phase I and subsequent phases will become common elements of the entire condominium, without difference or distinction between phases, and will then include the access areas, parking areas, lawn areas, the recreation facilities which include a swimming pool, tennis courts and a clubhouse building, as shown in Phase I area plans and drawings, hereinbefore mentioned, and will additionally include the access areas, parking areas, and lawn areas, all located substantially in the subsequent phase areas as shown in the plans and drawings. At the time Phase II is incorporated into the condominium, DEVELOPER will improve two additional tennis courts and children's play area as shown on the site Plan (Exhibit "A"). To the extent deemed necessary by DEVELOPER, in its sole discretion, and at its sole expense the clubhouse building may be remodeled at any time.

.8. COMMON ELEMENTS. The common elements of the condominium will include the common areas and facilities located substantially as shown upon the site plan (Exhibit "A", hereto attached). Such facilities will include the following improvements:

A. The land described in paragraph 3.(a) hereinbefore, subject to the addition of the land described in paragraph 3.(b) hereinabove by incremental development as provided herein.

B. All central and appurtenant installations for services such as power, light, telephone, storm drains, sewer, and water; heat and air conditioning, including all pipes, ducts, wires, cables, and conduits used in connection therewith, whether located in common areas or in units, and all utility and mechanical equipment, buildings and spaces, which are not used or reserved for the exclusive use of certain units.

C. Automobile parking spaces not assigned to the exclusive use of any unit.

D. All outdoor and exterior lights, excepting such as are in a patio assigned to the exclusive use of a unit.

E. Patio fences.

F. All foundations, columns, girders, beams, and supports of buildings, and such component parts of walls, roofs, floors and ceilings as are not located within the units.

G. Lawn areas, landscaping, streets and walkways.

H. Recreation areas and facilities, including but not limited to the clubhouse, swimming pool, and tennis courts.

I. All other parts of the development existing for the common use or necessary to the existence, maintenance and safety of the development.

.9. LIMITED COMMON ELEMENTS. There are no limited common elements.

.10. UNIT BOUNDARIES. Each unit shall include that part of the building containing the unit which lies within the boundaries of the unit, which boundaries shall be determined in the following manner: -

(a) Horizontal Boundaries. The upper and lower boundaries of each unit shall be:

(i) Upper Boundary

The plane of the under surfaces of the ceilings.

(ii) Lower Boundary.

The upper surface of the floor slab.

(b) Vertical Boundaries. The vertical boundaries of the units shall be:

(1) The plane of the inside surfaces of the studs which are the component parts of exterior walls and of interior walls separating a unit from other units.

.11. Surfaces. An owner shall not be deemed to own the studs and structural components of the perimeter walls and/or of load-bearing walls, nor the windows and doors bounding the unit, nor patio fences enclosing a patio area assigned to the exclusive use of the unit. An owner, however, shall be deemed to own and shall have the exclusive right and duty to repair and maintain, paint, repaint, tile, wax, paper or otherwise finish and decorate the surfacing materials of the floors of his unit, and all window screens and windows and door glass; and all appurtenant installations, including all pipes, ducts, wires, cables and conduits used in connection therewith, for services such as power, light, telephone, sewer, water, heat and air conditioning, whether located in the boundaries of the unit or in common areas, which are for the exclusive use of the unit; and all ceilings and partition walls; and shall have the exclusive use of and right to plant grass, flowers and shrubs, and to mow, trim and maintain the same, within the patio area assigned to the exclusive use of his unit. An owner shall have the exclusive right and duty to wash and keep clean the interior and exterior surfaces of windows and doors bounding his unit.

6. The Units. The description and location of the particular units and the appurtenances thereto are determined with the aid of the plans therefor, as set out in paragraphs 5.1 and 5.4, hereinbefore, and as follows:

.1. Units Numbered: Each unit is assigned a number which is indicated on the site plan, Exhibit "A", hereto attached.

.2. Changes. The DEVELOPER reserves the right to change the interior design and arrangement of all units owned by it. The DEVELOPER further reserves the right to alter the boundaries between units which said change shall be reflected by an amendment of this Declaration which may be executed by the

DEVELOPER alone, notwithstanding the procedures for an amendment described in paragraph 19 of this Declaration. However, no such change of boundaries shall increase the number of units nor alter the boundaries of the common elements without amendment of this Declaration in the manner described in paragraph 19 of this Declaration.

7. Determination of Percentages of Ownership in Common Elements, Common Expenses and Common Profits. The common profits shall be distributed among, and the common expenses shall be charged to, the unit owners according to the percentages of the undivided interests of the respective units in the common elements. For purposes of percentage interest in the common elements, common expenses and common profits, and voting on all matters requiring action by the owners, when the first Phase is completed and occupied. Each unit owner shall have a 1/73rd interest therein. Upon the incorporation of subsequent phases into the development by incremental increase as herein provided, each unit owner shall have an equal interest in the common elements, common expenses, common profits and voting on all matters requiring action by the owners. Such interest shall be determined by the total number of units incorporated by incremental certificate or certificates to this Declaration. But in no event shall any unit owner's interest be less than 1/218th.

8. Encroachments. If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter, a valid easement for the encroachment and for the maintenance of the same so long as such building stands shall exist. In the event any building, any unit, any adjoining unit, or any adjoining common element, shall be partially or totally destroyed as a result of fire, or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such building shall stand.

9.1. UNITS SUBJECT TO DELCARATION, BY-LAWS AND RULES AND REGULATIONS.

All present and future owners, tenants and occupants of units shall be subject to, and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant, and occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any such owner, tenant or occupant as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

.2. EXCLUSIVE OWNERSHIP. Each owner shall be entitled to the exclusive ownership and possession of his unit. The patio area and balcony or balconies adjoining each unit, as shown upon the site plan are assigned to the exclusive use of such unit, and the owner of such unit is entitled to the exclusive possession of such patio area and balcony or balconies.

10. MAINTENANCE. The responsibility for the maintenance of the condominium property shall be as follows: -

.1. UNITS.

(a) By the Association. The responsibility of the Association shall be as follows:

(i) To maintain, repair and replace all portions of a unit, except interior surfaces and surfacing materials, contributing to the support of the building, which portions shall include but not be limited to the outside walls of the building and all fixtures thereon; and boundary walls of units, floors, load-bearing columns and load-bearing walls.

(ii) To maintain, repair and replace all conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services which are contained in the portions of a unit maintained by the Association, and all such facilities contained within a unit, which service part or parts of the condominium other than the unit within which contained.

(iii) All patio fences.

(iv) To repair all incidental damage caused to a unit in the performance of any of the foregoing work.

(b) By the Unit Owner. The responsibility of the unit owner shall be as follows: -

(i) To maintain, repair and replace all portions of his unit except the portions to be maintained, repaired and replaced by the Association. Such shall be done without disturbing the rights of other unit owners.

(ii) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the building, and/or the patio fences surrounding the patio area assigned to the exclusive use of the unit owner.

(iii) To maintain and replace all exterior glass doors and windows of his unit.

(iv) To maintain, repair and replace all heating, air conditioning, utility and mechanical equipment, and all sewer and water lines; including all pipes, ducts, wires, cables and conduits used in connection therewith, which are for the exclusive use of his unit, whether or not located within the boundaries of his unit.

(v) To promptly report to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

(c) Alteration and Improvement. Neither a unit owner nor the Association shall make any alterations in the portions of a unit or building which are to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or to do any work which would jeopardize the safety or soundness of the building, or impair any easement, without first obtaining approval in writing of the owners of all other units in the building concerned and the approval of the Board of Directors of the Association.

.2. Common Elements.

(a) By the Association. The maintenance and operation of the common elements shall be the responsibility and the expense of the Association.

(b) Alteration and Improvement. After the completion of the improvements included in the common elements which are contemplated by this Declaration, there shall be no alteration or further improvement of common elements

(except by incremental development as elsewhere herein provided) without prior approval in writing of seventy-five (75%) per cent of the votes of the unit owners, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units so approved; provided, however, that any alteration or improvement of the common elements bearing the approval in writing of unit owners entitled to cast fifty-one (51%) per cent of the votes in the Association, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units of such approving unit owners, and which does not prejudice the rights of any owners not consenting, may be done if the owners who do not approve are relieved from the initial cost thereof. There shall be no change in the share and rights and obligations of a unit owner in the common elements which are altered or further improved, whether or not the unit owner contributes to the initial cost thereof.

11. Assessments. The making and collection of assessments against unit owners for common expenses shall be pursuant to the By-Laws and subject to the following provisions: -

.1. Share of Common Expenses. Each unit owner shall be liable for a proportionate share of the common expenses, and shall share in the common surplus, such share being the same as his percentage of ownership in the common elements.

.2. Interest, Application of Payments. Assessments, and installments thereon, paid on or before thirty (30) days after the date when due shall not bear interest, but all sums not paid on or before thirty (30) days after the date when due shall bear interest at the maximum legal contract rate from the date when due until paid. All payments upon account shall be first applied to interest and then to the assessment payment first due.

.3. Liens for Assessments. The Association is hereby granted a lien upon each unit and its appurtenant undivided interest in common elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied or subject to being levied against the owner of each unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said unit and its appurtenant undivided interest in the common elements. The said

lien for non-payment of common expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only (1) tax lien on the unit in favor of the State, the County, any municipality and any special district, and (2) all sums unpaid on a first mortgage of record, including any sum which the mortgagor is obligated to pay under the terms of the promissory note or mortgage, including but not limited to attorney's fees. In any suit for the foreclosure of said lien, the Association shall be entitled to rental from the owner of any unit from the date on which the payment of any assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said unit, without notice to the owner of such unit. The rental required to be paid shall be determined by the Board of Directors of the Association. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the maximum legal contract rate on any such advances made for such purposes. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association.

.4. Rental Pending Foreclosure. In any foreclosure of a lien for assessments, the owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit. Nothing contained in this paragraph 11 shall impair a first mortgagee's right to intercept rents as provided in its mortgage.

.5. No Exemption from Assessments. No owner of a unit may exempt himself from liability for contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit, or by any other means.

.6. The Association shall promptly provide any unit owner and/or the holder of a mortgage comprising a first lien on any unit so requesting the same in writing with a written statement of all unpaid assessments due from the unit owner. Any such statement furnished in writing shall be binding upon the Association.

12. Association. The operation and administration of the condominium shall be by the Association of the unit owners, pursuant to the provisions of the Condominium Ownership Act of Alabama, which said Association shall be incorporated by Articles of Incorporation recorded in the Office of the Judge of Probate of Marshall County, Alabama.

13. INSURANCE. Insurance (other than title insurance) which shall be carried upon the condominium property and the property of the unit owners shall be governed by the following provisions: -

.1. Authority to Purchase. All insurance policies upon the condominium property shall be purchased by the Association in the name of the Association as Trustee for each of the unit owners in the percentages of ownership set forth in the Declaration, and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of unit owners. Such policies shall be deposited with the Association.

.2. Coverage.

(a) Casualty. All buildings and improvements upon the land and all personal property comprising the condominium property shall be insured with a company with a Best rating of A+AAA or better in an amount sufficient to avoid application of a co-insurance clause, but not more than the maximum insurable replacement value, without deduction for depreciation, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Provision shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of unit owners. Such coverage shall afford protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including but not limited to vandalism and malicious mischief.

(b) Public Liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association.

(c) Workmen's Compensation policy, if needed to meet the requirements of the law.

(d) Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

.3. Provisions. Every such policy of insurance shall in substance and effect: -

(a) Provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of setoff, counterclaim, apportionment, proration, or contribution by reason of, any other insurance obtained by or for any apartment owner.

(b) Contain no provision relieving the insurer from liability for a loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Association, or because of any breach of warranty or condition or any other act or neglect by the Association or any unit owner or any other persons under either of them.

(c) Provide that such policy may not be cancelled (whether or not requested by the Association) except by the insurer giving at least thirty (30) days' prior written notice thereof to the Association, the fee owner, mortgagee, and every other person in interest who shall have requested such notice of the insurer.

(d) Contain a waiver by the insurer of any right of subrogation to any right of the Association, or either against the owner or lessee of any unit; and

(e) Contain a standard mortgagee clause which shall: -

(i) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any unit, whether or not named therein; and

(ii) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Association or unit owners or any persons under any of them; and

(iii) Waive any provision invalidating such mortgagee clause by reason of the failure of the mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

(iv) Provide that such policy can not be cancelled or the coverage reduced unless prior written notice is furnished all mortgagees at least 30 days prior to such cancellation or reduction.

.4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

.5. Insurance Trustee: Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall

provide that all proceeds covering casualty losses shall be paid to the Association, as Trustee for each of the unit owners in the percentages established by the Declaration, which said Association, for the purpose of these provisions, is herein referred to as the Insurance Trustee. Any mortgagee of an affected unit may appoint a co-trustee, whose authority shall be co-equal with that of the Association. Such co-trustee, if any shall be appointed, shall be compensated by the appointing mortgagee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein and for the benefit of the unit owners and their mortgagees, as follows: -

(a) Common Areas and Facilities. Proceeds on account of damage to common areas and facilities -- an undivided share for each unit owner, such share being the same as his undivided share in the common areas and facilities appurtenant to his unit.

(b) Units. Proceeds on account of units shall be held for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Trustee or Trustees.

(c) Mortgages. In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

.6. Distribution of Proceeds. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be used to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by him.

.7. Association as Agent. The Association is hereby irrevocably appointed agent for each unit owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.

14. RECONSTRUCTION OR REPAIR AFTER CASUALTY. In the event of the damage or destruction of all or part of the property, then, unless it be determined by a vote of one hundred (100%) percent of the Association not to repair or reconstruct such damaged or destroyed property, the following provisions shall apply: -

.1. Reconstruction or repair. If any part of the condominium property shall be damaged by casualty, it shall be reconstructed or repaired. In no

event shall any mortgagee be obligated to advance any sums or pay any costs above insurance proceeds to repair or rebuild damaged or destroyed property, nor shall any mortgagee have any liability in connection with such reconstruction or repair.

(a) Common areas and facilities. If the damaged improvement is a common area of facility, the damaged property shall be reconstructed, replaced or repaired.

(b) Building.

(i) Partial Destruction. If the damaged improvement is part of a building, the damaged property shall be reconstructed or repaired.

(ii) Total Destruction. If a building is so damaged that the same is untenable, the building shall be reconstructed.

(c) Plans and specifications. Any such reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, or as the building was last constructed, or according to plans approved by the Board of Directors of the Association and the mortgagees of any affected units, which approval shall not be unreasonably withheld.

.2. Responsibility. If the damage is only to those parts of a unit for which the responsibility of maintenance and repair is that of a unit owner, then the unit owner shall be responsible for the reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

.3. Estimates of costs. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

.4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, assessments shall be made against the unit owners who own the damaged property, and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the unit owners who own the damaged property, and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for reconstruction and/or repair of damages

to units shall be in proportion to the cost of reconstruction and repair of their respective units. Such assessments for reconstruction and/or repair of damage to common areas and facilities shall be in proportion to the owner's share in the common areas and facilities.

.5. Construction funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible which shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the Association from assessment against unit owners, shall be disbursed in payment of such costs in the following manner: -

(a) Association. The proceeds of insurance collected on account of a casualty, and the sums deposited with the Association from collections of assessments against the unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner: -

(i) Unit Owner. The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with the unit owner shall be paid by the Insurance Trustee to the unit owner, or if there is a mortgagee endorsement, then to the unit owner and the mortgagee jointly. However, no funds shall be paid to a unit owner until bills incurred for the repair or reconstruction of such unit have been fully paid.

(ii) Association -- Lesser Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than the total of the annual assessments for recurring expenses to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request to the Insurance Trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(iii) Association -- Major Damage. If the amount of estimated costs of reconstruction and repair which is the responsibility of the Association is more than the total of the annual assessments for recurring expense to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association.

(iv) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere herein provided. In the event any unit owner entitled to receive any such funds is delinquent in the payment of any assessment to the Association or to the mortgagee of such unit, such funds shall be paid first to the Association and such mortgagees.

15. USE RESTRICTIONS. The use of the property of the condominium shall be in accordance with the following provisions: -

.1. Single family residences. The condominium property shall be used only for single family residences, and for the furnishing of services and facilities herein provided for the enjoyment of such residences. Each of the units shall be occupied only by a single family and its guests as a residence and for no other purpose.

.2. Nuisances. No nuisances shall be allowed upon the condominium property nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist.

.3. Lawful use. No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which required maintenance, modification or repair of the condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned.

.4. Leasing. After approval by the Association as elsewhere required, entire units may be rented provided the occupancy is only by the lessee and his family and guests. No individual rooms may be rented and no transient tenants may be accommodated.

.5. Occupancy of units by guests of owners or Lessees and use of common areas and facilities by such guests shall be governed by the House Rules as adopted or amended from time to time by the Directors.

.6. Regulations. Reasonable regulations concerning the use of the condominium property may be made by the DEVELOPER and amended from time to time by

the Board of Directors of the Association; provided, however, that all such amendments thereto shall be approved by not less than a majority of the votes of the Association before such shall become effective. Members not present at meetings considering such regulations or amendments thereto may express their approval or disapproval in writing. Copies of such regulations or amendments thereto shall be furnished by the Association to all unit owners and residents of the condominium upon request.

.7. Proviso. Provided, however, with respect to Phase I, that until DEVELOPER of the condominium has completed and sold all of the units of Phase I of the condominium, or until DEVELOPER elects to terminate its control of Phase I of the condominium whichever shall first occur; and provided, further, in the event of the incremental increase of the project by the filing of a certificate or certificates by the DEVELOPER of its election to incorporate subsequent phases into the condominium, as elsewhere herein provided, then with respect to Phase I and subsequent phases and sold all of the units thereof, or until DEVELOPER elects to terminate its control of the condominium, whichever shall first occur; neither the unit owners nor the Association nor the use of the condominium property by unit occupants shall interfere with the completion of the contemplated improvements and the sale of the units. DEVELOPER may make such use of the unsold units and of the common areas and facilities as may facilitate such completion and sale, including but not limited to the showing of the property and the display of signs.

.8. In the event DEVELOPER elects not to file an incremental certificate or certificates of amendment submitting the remaining lands other than Phase I to the condominium form of ownership then any such remaining lands, described in paragraph 3(b) above located within 150 feet of any part of Phase I shall be used only for residential purposes. Such residences may be single or multi-family, attached or detached but must be of similar quality and value to the Condominium units constructed in Phase I.

16. MAINTENANCE OF COMMUNITY INTERESTS. In order to maintain a community of congenial residents, preserve the financial stability of the condominium regime, and protect the value of the units, the transfer of condominium parcels by any owner other than the DEVELOPER shall be subject to the following provisions so long as the condominium exists: -

(a) Sale. No unit owner may dispose of a condominium parcel or any interest therein by any sale without approval of the Association, except to another unit owner.

(b) Lease. No unit owner may dispose of a condominium parcel or any interest therein by lease without approval of the Association, except to another unit owner.

(c) Gift. If any unit owner shall acquire his title by gift, the continuance of his ownership of his condominium parcel shall be subject to the approval of the Association.

(d) Devise or Inheritance. If any unit owner shall acquire his title by devise or inheritance, the continuance of his ownership of his condominium parcel shall be subject to the approval of the Association.

(e) Other Transfers. If any unit owner shall acquire his title by any manner not heretofore considered in the foregoing subsections, the continuance of his ownership of his condominium parcel shall be subject to the approval of the Association.

2. Approval by Association. The approval of the Association which is required for the transfer of condominium parcels shall be obtained in the following manner: -

(a) Notice to Association.

(i) Sale. A unit owner intending to make a bona fide sale of his unit or any interest therein shall give to the Association at least thirty (30) days' written notice of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Association may reasonably require.

(ii) Lease. A unit owner intending to make a bona fide lease of his unit or any interest therein shall give to the Association notice of such intention, together with the name and address of the intended lessee, such other information concerning the intended lessee as the Association may reasonably require, and an executed copy of the proposed lease.

(iii) Gift, Devise or Inheritance; Other Transfers. A unit owner who has obtained his title by gift, devise or inheritance, or by any other manner not heretofore considered, shall give to the Association notice of the acquiring of his title, together with such information concerning the unit owner as the Association may reasonably require, and a certified copy of the instrument evidencing the owner's title.

(iv) Failure to Give Notice. If the notice to the Association herein required is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a unit,

the Association at its election and without notice may approve or disapprove the transaction of ownership. If the Association disapproves the transaction of ownership, the Association shall proceed as if it had received the required notice on the date of such disapproval.

(b) Certificate of Approval.

(i) Sale. If the proposed transaction is a sale, then within thirty (30) days after receipt of such notice and information the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President or Secretary in recordable form and shall be delivered to the purchaser and shall be recorded in the public records of Marshall County, Alabama.

(ii) Lease. If the proposed transaction is a lease, then within thirty (30) days after receipt of such notice and information the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President or Secretary in recordable form and shall be delivered to the lessee.

(iii) Gift, Devise or Inheritance; Other Transfers. If the unit owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt of such notice and information the Association must either approve or disapprove the continuance of the unit owner's ownership of his unit. If approved, the approval shall be stated in a recordable form and shall be delivered to the unit owner and shall be recorded in the public records of Marshall County, Alabama.

(c) Approval of Corporate Owner or Purchaser. Inasmuch as the condominium may be used only for residential purposes, and a corporation cannot occupy a unit for such use, if the unit owner or purchaser of a unit is a corporation, the approval of ownership by the corporation may be conditional by requiring that all persons to use or occupy the unit be also first approved by the Association.

.3. Disapproval by Association. If the Association shall disapprove a transfer of a unit, the matter shall be disposed of in the following manner: -

(a) Sale. If the proposed transaction is a sale, then within ninety (90) days after notifying the unit owner of such disapproval, the Association shall deliver or mail by certified mail to the unit owner an offer to purchase either by the Association, or by a purchaser approved by the Association, and to whom the unit owner must sell the unit upon the following terms:

(i) At the option of the purchaser to be stated in his offer, the price to be paid shall be that stated in the disapproved contract to sell, or, if less, then the fair market value, determined by two (2) appraisers, one appointed by the unit owner and the other appointed by the Association. In the event the two appraisers are unable to agree on a value then they shall appoint a third appraiser. A majority of the three (3) appraisers shall determine the sales price. A judgment of specific performance of the sale at the value determined by the appraisers may be entered in any court of competent jurisdiction. The expense of the appraisals shall be paid by the purchaser.

(ii) The purchase price shall be paid in cash.

(iii) The sale shall be closed within thirty (30) days after the delivery or mailing of said offer to purchase, or within ten (10) days after the determination of the sale price if such is by appraisal, whichever is the later.

(iv) If the Association shall fail to purchase or to provide a purchaser as herein required, then notwithstanding the disapproval, such transfer of ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided.

(b) Lease. If the proposed transaction is a lease, the unit owner shall be advised of the disapproval in writing, and the lease shall not be made.

(c) Gift, Devise or Inheritance; Other Transfers. If the unit owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt from the unit owner of the notice and information required to be furnished, the Association shall deliver or mail by certified mail to the unit owner an offer to purchase either by the Association or by a purchaser approved by the Association, and to whom the unit owner must sell the unit upon the following terms: -

(i) The sale price shall be the fair market value determined by agreement within thirty (30) days from the delivery or mailing of such offer, and, in the absence of such agreement by two (2) appraisers, one appointed by the unit owner and the other appointed by the Association. In the event the two appraisers are unable to agree on a value then they shall appoint a third appraiser. A majority of the three appraisers shall determine the sales price. A judgment of specific performance of the sale at the value determined by the appraisers may be entered in any court of competent jurisdiction. The expense of the appraisals shall be paid by the purchaser.

(ii) The purchase price shall be paid in cash.

(iii) The sale shall be closed within ten (10) days following the determination of the sale price.

(iv) If the Association shall fail to purchase or to provide a purchaser as herein required, then notwithstanding the disapproval, such transfer of ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided.

.4. Mortgage. No unit owner may mortgage his unit nor any interest therein without the approval of the Association except to an FHA/VA approved mortgage company, bank, life insurance company or a federal or state savings and loan association, or a credit union. The approval of any other mortgages may be upon conditions determined by the Association or may be withheld.

.5. Exceptions. The foregoing provisions of this section entitled "Maintenance of Community Interests" shall not apply to a transfer to or purchase by a mortgage company, bank, life insurance company or federal or state savings and loan association or a credit union which acquires its title as the result of owning a mortgage upon the unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings; nor shall such provisions apply to a transfer, sale or lease by a mortgage company, bank, life insurance company, federal or state savings and loan association or a credit union which so acquires its title. Neither shall such provisions require the approval of a purchaser who acquires the title to a unit at a duly advertised public sale with open bidding as may be provided by law, such as but not limited to execution sale, foreclosure sale, judicial sale or tax sale.

.6. Unauthorized transactions. Any sale, mortgage or lease which is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

.7. Notice of lien or suit.

(a) Notice of Lien. A unit owner shall give notice to the Association of every lien upon his unit other than for permitted mortgages, taxes and special assessments, within five (5) days after the owner's receipt of notice thereof.

(b) Notice of Suit. A unit owner shall give notice to the Association of every suit or other proceeding which may affect the title to his unit, such notice to be given within 24 hours after the unit owner receives knowledge thereof.

(c) Failure to Comply with this subsection concerning liens will not affect the validity of any judicial sale.

17. COMPLIANCE AND DEFAULT. Each unit owner shall be governed by and shall comply with the terms of the condominium documents and regulations as they may be amended from time to time. A default shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Condominium Ownership Act: -

.1. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence or carelessness or by that of any member of his family or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances.

.2. Costs and Attorney's Fees. In any proceeding arising because of an alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be awarded by the court.

.3. No Waiver of Rights. The failure of the Association or any unit owner to enforce any covenant, restriction, or other provision of the Condominium Ownership Act, this Declaration, the By-Laws or the Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

18. COVENANT AGAINST PARTITION. There shall be no judicial or other partition of the project or any part thereof, nor shall DEVELOPER or any person acquiring any interest in the project or any part thereof seek any such partition unless the property has been removed from the provisions of the Condominium Ownership Act, as in said Act provided.

19. AMENDMENT. This Declaration of Condominium and the By-Laws of RIVERBEND ASSOCIATION, INC., may be amended in the following manner: -

.1. Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

.2. Resolution. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by ten (10%) percent of the members of the Association, and after being so proposed and thereafter approved by one (1) of such bodies, it must then be approved by the other to become effective. Directors and members not present at the meeting considering the amendment may express their approval or disapproval in writing, providing such approval or disapproval is delivered to the Secretary at or prior to the meeting. Such approvals must be by not less than a majority of the Directors and by not less than a majority of the votes of the Association; and provided, further, that any such amendment shall have been approved in writing by all mortgagees who are the holders of mortgages comprising first liens on units comprising a majority of the votes of the Association.

.3. Recording. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Office of the Judge of Probate of Marshall County, Alabama.

.4. Agreement. In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners, including first mortgagees, of units in the condominium in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Office of the Judge of Probate of Marshall County, Alabama.

.5. Proviso. Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units, nor

change any condominium unit nor increase the owner's liability for common expenses unless the record owner thereof and all record owners of liens thereon shall join in the execution of the amendment.

.6. Provisions pertaining to the Developer.

(a) Notwithstanding any other provisions herein contained, for so long as the DEVELOPER continues to own any of the units, the DEVELOPER reserves the unrestricted right to sell, assign or lease any unit which it continues to own after the recording or filing of this Declaration, and to post signs on the condominium property.

(b) Provided, however, with respect to Phase I, that until the DEVELOPER of the condominium has completed and sold all of the units of Phase I of the condominium, or until DEVELOPER elects to terminate its control of Phase I of the condominium, whichever shall first occur; and provided, further, in the event of the incremental increase of the project by the filing of a certificate or certificates by the Developer of its election to incorporate subsequent phases into the condominium, as elsewhere herein provided, then with respect to such phases that until the DEVELOPER of the condominium has completed all of the units thereof and sold all of such or until five (5) years after the date of the filing of the certificate or certificates of incremental increase by the DEVELOPER signifying its election to incorporate subsequent phases into the condominium, or until DEVELOPER elects to terminate its control of the condominium, whichever shall first occur; the following additional provisions shall be deemed to be in full force and effect: -

(i) The DEVELOPER reserves the right to amend the By-Laws of the Association.

(ii) The Directors of the Association shall be elected as provided in the By-Laws and such Directors as may be so designated need not be unit owners.

(c) The Developer shall furnish a warranty to each initial purchaser of a unit warranting that such unit has been constructed in a good and workmanlike manner. Any repairs resulting from defective materials or workmanship shall be at Developers expense if the unit owner furnished written notice of such defects within one year from date of possession or closing of sale, whichever occurs first.

20. TERMINATION. The condominium may be terminated in the manner provided by the Condominium Ownership Act; provided, however, that, in the event of termination, each unit shall be subject to the payment of a share of the common expenses as heretofore defined.

21. SEVERABILITY. The invalidity in whole or in part of any covenant or restriction, or any section, sub-section, sentence, clause, phrase or word, or other provision of this Declaration of Condominium and the By-Laws of the Association shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, the said ANNE HOMES, INC., PEOPLES NATIONAL BANK OF HUNTSVILLE and SECURITY FEDERAL SAVINGS & LOAN ASSOCIATION OF HUNTSVILLE have caused THESE PRESENTS to be executed by their Officers, all thereunto duly authorized, this the day and year first above written.

ATTEST: ANNE HOMES, INC.

[Signature]
Its Secretary

By: [Signature]
Its President

ATTEST: PEOPLES NATIONAL BANK OF HUNTSVILLE

[Signature]
Its Assistant Cashier

By: [Signature]
Its Executive Vice President

ATTEST: SECURITY FEDERAL SAVINGS & LOAN ASSOCIATION OF HUNTSVILLE

[Signature]
Its Secretary

By: [Signature]
Its First Vice President

STATE OF ALABAMA)
MADISON COUNTY)

I, the undersigned, a Notary Public in and for said County, and in said State, do hereby certify that S. CLARKE SOUTHARD, JR. and GEORGE R. SOUTHARD, whose names as President and Secretary, respectively, of ANNE HOMES, INC., a corporation, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they, as such officers and with full authority, executed the same voluntarily on the day the same bears date, for and as the act of said corporation.

GIVEN under my hand this the 10th day of October, 1974

[Signature]
Notary Public
My Commission Expires: 4-1-76