

STATE OF ALABAMA
COUNTY OF BALDWIN

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STATE OF ALABAMA
COUNTY OF BALDWIN
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MISC. 1619-52

DECLARATION OF RIGHTS, COVENANTS, RESTRICTIONS, AFFIRMATIVE
OBLIGATIONS AND CONDITIONS APPLICABLE TO
ONO NORTH, PHASE ONE

This Declaration made this 15th day of June, 1994 by LAKESIDE,
LTD., an Alabama limited partnership (the "Developer") applicable to Ono North, Phase One
(the "Development").

WITNESSETH

WHEREAS, the Developer owns that certain land, as more particularly described in
Exhibit "A" attached hereto, located in Baldwin County, Alabama (the "Property") and as shown
on the Plat of Ono North, Phase One, as recorded at Slide 1487-A in the records of the Office
of the Judge of Probate of Baldwin County, Alabama; HYU 1488-A

WHEREAS, the Property is subject to the general covenants and restrictions executed
by Ono Development Company, Inc., dated September 10, 1970 and recorded in Miscellaneous
Book 22, page 359 and the restrictive covenants relating to the use and occupancy of the
Property as contained in deed from Ono Development Company, Inc. to Lakeside, Ltd., dated
July 20, 1988 and recorded in Real Property Book 327, page 453 (collectively the "Original
Covenants"); and

WHEREAS, the Developer desires to further provide for the preservation of the value
of the Development and for the maintenance of the Recreational Area; and to this end, the
Developer has consented to subject the Property to the additional covenants, restrictions,
easements, affirmative obligations, charges and liens hereinafter set forth (the "General
Covenants" or "these Covenants"), each and all of which is and are hereby declared to be for
the benefit of the Property and every owner of any and all parts thereof.

NOW, THEREFORE, the Developer hereby declares that the Property is and shall be
held, transferred, sold, conveyed, given, purchased, leased, occupied and used subject to these
Covenants. These Covenants, the benefits of these Covenants and the affirmative and negative
burdens of these Covenants shall touch and concern and run with the Property.

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ARTICLE I

In this Declaration, the following words will have the meaning ascribed to them in this Article I:

Section 1.01 Association shall mean and refer to The Property Owners Association of Ono North, Inc., an Alabama non-profit corporation, its successors and assigns. This is the Declaration Of Rights, Covenants, Restrictions, Affirmative Obligations And Conditions to which the Articles Of Incorporation and By-Laws of the Association make reference.

Section 1.02 Canal Lots shall mean and refer to Residential Lots 3-28 and 37-40 in Ono North, Phase One.

Section 1.03 Developer shall mean and refer to Lakeside, Ltd., an Alabama limited partnership, its successors and assigns.

Section 1.04 Developer Designated Members shall be those persons designated as Members by the Developer in accordance with Article IV of the Articles of Incorporation of the Association.

Section 1.05 Development shall mean Ono North, Phase One, as shown on the Plat of Ono North, Phase One, recorded at Slide ~~1417-A~~^{thru 1487-A} in the Records of the Office of the Judge of Probate of Baldwin County, Alabama, as amended from time to time.

Section 1.06 Dwelling Unit shall mean and refer to that portion of any Improved Lot intended for use, or being used, as a detached single-family dwelling.

Section 1.07 Elective Members shall be those persons owning Qualifying Lots who elect to become members in accordance with Article IV of the Articles of Incorporation of the Association.

Section 1.08 Enclosed Livable Area shall mean and refer to that area of the Dwelling Unit that is completely enclosed and protected from the weather (heated and cooled) and intended as the living quarters of the Dwelling Unit.

Section 1.09 General Covenants or "These Covenants" shall mean and refer to the covenants set forth in this Declaration, as amended from time to time.

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Section 1.10 Improved Lot shall mean and refer to a Lot on which is located a building and/or other structure(s) as to which required approvals for use and occupancy have been obtained.

Section 1.11 Interior Lots shall mean and refer to Residential Lots 1-2, 29-36 and 41-167 in Ono North, Phase One.

Section 1.12 Members or Membership shall mean and refer to the Association's members regardless of the designation thereof as an Owner of a Lot, an Elective Member or a Developer Designated Member, as the case may be. Such term shall also include all classes of Members. The terms Class A Members and Class B Members shall be used in differentiating between such classes and shall be as set forth in Article VII of the Articles of Incorporation of the Association.

Section 1.13 Ono North, Phase One shall mean and refer to the property described in Exhibit A attached hereto and by reference incorporated herein.

Section 1.14 Owner or Property Owner shall mean and refer to the holder of record of fee simple title to any Lot. Notwithstanding any applicable theory of any mortgage, "Owner" shall not mean or refer to the mortgagee, his or its successors or assigns or heirs, unless such mortgagee has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee of any Owner, nor shall the term "Owner" mean or refer to any person holding title merely as security for the payment of a debt. In the event there is of record a deed granting one or more parties a life estate in any Lot, the Owner of said Lot shall be deemed to be the holder or holders of a life estate, regardless of who owns a fee interest. Where ownership of a Lot or Qualifying Lot is divided, limitations on the number of Members and their voting rights with respect to each lot shall be as provided for in the Articles of Incorporation and the By-Laws.

Section 1.15 Plat or Development Plat shall mean and refer to the Plat of Ono North, Phase One, as recorded at Slide ~~1487-A thru 1488-A~~ in the records in the Office of the Judge of Probate, Baldwin County, Alabama, as may be amended, added or expended upon as provided for herein.

Section 1.16 "Property" or "Properties" shall mean and refer to the real property now owned by the Developer on Ono Island, Baldwin County, Alabama, as described in Exhibit A attached hereto and incorporated by reference herein together with such additional properties as may be made subject to the terms of this Declaration by the Developer as provided for in Article II, Section 2.02 hereinbelow.

Section 1.17 Public Records shall mean and refer to the records of the office of the Judge of Probate, Baldwin County, Alabama.

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Section 1.18 Qualifying Lot shall mean and refer to the numbered and delineated residential parcels or lots in Ono Harbour, Units 1, 2, 3 and 4, and in Ono Harbour Peninsula, as same are described and set forth in the plats thereof recorded in the Office of the Judge of Probate in Baldwin County, Alabama, whose owners have elected to become Elective Members as described in Article IV of the Articles of Incorporation of the Association. The determination of ownership, membership and voting rights of persons owning a Qualifying Lot shall be made in accordance with Section 1.14 above.

Section 1.19 Recreational Area shall mean and refer to that area shown on the Plat of Ono North, Phase One, and denoted "Recreational Area" wherein recreational amenities including swimming pool and tennis courts and similar recreational amenities are constructed, or any other area shown on the Plat and denoted as "Common Area" which the Developer, in its sole discretion, may decide to or may subsequently convey to the Association.

Section 1.20 "Residential Lot" or "Lot" shall mean and refer to Lots 1-167 in Ono North, Phase One, as shown on a plat by Polysurveying of Mobile, dated June 2, 1974 on Slide #APT-A "A113" in the Office of the Judge of Probate, Baldwin County, Alabama, together with such additional properties as may be made subject to the terms of this Declaration by the Developer as provided for in Article II, Section 2.02 hereinbelow.

Section 1.21 Unimproved Lot shall mean and refer to any Lot that is not an Improved Lot.

ARTICLE II

THE PROPERTY AND ADDITIONS TO THE PROPERTY

Section 2.01 Property. The real property which is, and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these General Covenants and the Original Covenants to the extent such are applicable, is located on Ono Island, Baldwin County, Alabama and is more particularly shown on a plat by Polysurveying of Mobile, dated June 2, 1974 on Slide #APT-A "A113" in the Office of the Judge of Probate, Baldwin County, Alabama and as described in Exhibit A attached hereto and by reference incorporated herein.

Section 2.02 Additions to Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions. During the period of development, which shall by definition extend from the date hereof to December 31, 2004, the Developer, its successors and assigns, shall

have the right, without further consent of the Association, to bring within this Declaration any additional property currently owned by Developer on Ono Island. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this and the succeeding subsection shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of this Declaration to such additional property. Owners of Lots in property added to this Declaration shall be members of the Association and shall have the same rights and obligations as other Association members including the right to use the Recreational Area.

Any Supplementary Declaration may contain such additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Developer, to reflect the different character, if any, of the additional properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on the property described in Section 2.01 of this Article.

(b) Mergers. Upon merger or consolidation of the Association with another association as provided for in the By-Laws of the Association, the Association's property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the property of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association may administer the property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation shall affect any revocation, change or addition to this Declaration with respect to the property including, without limitation, the maximum limits on assessments of the Association, or any other matter substantially affecting the interest of Members of the Association.

Section 2.03 Platting and Development of the Property. The Developer, its successors and assigns, without consent from the Association, shall be entitled at any time and from time to time to develop, subdivide, plat and/or re-plat all or any portion or part of the Property, and to file restrictions and/or amendments thereto with respect to any undeveloped portion or portions of the Property.

ARTICLE III

GENERAL COVENANTS

Section 3.01 Purposes. The primary purpose of these Covenants and restrictions and the foremost consideration in the origin of same has been the creation of a development that is

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aesthetically pleasing and functionally convenient. The establishment of objective standards relating to design, size and locations of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of property and of technological advances and environmental values. For this reason such standards are not established by these Covenants. In order to implement the purposes of these Covenants, the Developer shall establish and amend from time to time objective standards which shall be in addition to these Covenants and shall be called the Architectural & Design Review Guidelines. All Lots shall be subject to and must comply with the Architectural and Design Review Guidelines.

Section 3.02 Residential Lots. All Residential Lots in Ono North, Phase One, shall be used for residential purposes exclusively.

(a) Interior Lots. No structure, except as herein provided, shall be erected, altered, placed, or attached to or permitted to remain on Interior Lots other than the following: One (1) single family dwelling not to exceed two stories with a maximum average roof height of thirty-five (35) feet above grade or flood elevation whichever is higher; the first floor elevation shall be a minimum of one (1) foot above existing grade and no higher than four (4) feet above existing grade or the minimum height established by applicable flood zone regulations of the United States or other regulatory authority, whichever is higher. No habitable space shall be allowed below the first floor level.

(b) Canal Lots. No structure, except as herein provided, shall be erected, altered, placed, or attached to or permitted to remain on Canal Lots other than the following: One (1) single family dwelling not to exceed two stories with a maximum average roof height of thirty-five (35) feet above the first floor elevation. The first floor elevation shall be a minimum of fourteen (14) feet above sea level or nine (9) feet above grade, whichever is higher. No habitable space shall be allowed below the first floor level.

Section 3.03 Architectural and Design Review

(a) Purpose. In order to preserve the natural beauty of Ono North, Phase One and its setting, to maintain Ono North, Phase One as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence, paving materials of any kind, dock, pier, bulkhead, shrubbery, or any other structure or improvement of any nature or addition shall be erected, placed, attached to or altered until the proposed plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), building height, landscape plan, size and construction schedule shall have been approved in writing by the Developer prior to commencement of construction.

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(b) Objectives. Architectural and design review shall be directed toward attaining the following:

(1) Preventing excessive or unsightly grading, indiscriminate earth moving, clearing of property, or removal of trees and vegetation which could cause disruption of natural water courses or scar natural landforms.

(2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Lots, and with surrounding Lots and structures, and do not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape.

(3) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with the Development's overall appearance, with the surrounding development, with natural landforms and native vegetation, and with development plans, officially approved by the Developer, or any governmental or public authority, if any, for the areas in which the structures are proposed to be located.

(4) Ensuring that the plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots and blend harmoniously with the natural landscape.

(5) Ensuring that any development, structure, building or landscaping complies with the provisions of these Covenants.

(6) Promoting building design and construction techniques that respond to energy consumption and environmental quality considerations such as heat loss, air emissions, and run-off water quality.

(c) Submission, Approval And Refusal Of Architecture, Siting, Landscaping And Other Building Plans. Two copies of all plans and related data shall be submitted to the Developer. The Developer shall establish a fee sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, urban designers, or attorney's retainer. The fee initially established by these General Covenants shall be Two Hundred Fifty And No/100 (\$250.00) Dollars for each submission. The Developer shall have the right to increase this amount not more than once in any subsequent twelve (12) month period. Approvals shall be dated and shall not be effective for construction commenced more than nine (9) months after

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such approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable. In the event approval of such plans is neither granted nor denied within sixty (60) days following receipt by the Developer of the written request for approval, the provisions of this section shall be thereby waived. Refusal or approval of plans, site location, building height, or specifications may be based by the Developer upon any ground which is consistent with the objectives of these Covenants, including purely aesthetic considerations, so long as such ground is not arbitrary or capricious.

(d) Architectural And Design Guidelines. The Developer will publish Architectural and Design Review Guidelines from time to time which will set forth minimum criteria and controls for construction of improvements on the Property. In order to further carry out the objectives set forth in this section, the Architectural and Design Review Guidelines will provide for Lot line setbacks, Lot coverage and clearing limitations, and specify types of materials approved for incorporation in the exterior construction of structures. All plans submitted to the Developer must incorporate the provisions of these Guidelines prior to the Developer becoming obligated to review the plans, and the failure by the Developer to review non-conforming plans shall not be deemed a waiver of any of the provisions of this section.

(e) Design Elements Which Are Prohibited. The following design elements are not acceptable in the Development:

- (1) flat roofs;
- (2) roof pitches in excess of twelve (12) inches rise in a twelve (12) inch run;
- (3) roof pitches less than three and one-half (3 1/2) inches in a twelve (12) inch run;
- (4) exposed prefab chimney flue pipes;
- (5) asphalt drives;
- (6) fences, with the exception of fences around garbage can storage areas or limited fencing around swimming pools;
- (7) exposed concrete framing;
- (8) exposed concrete block;

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- (9) exposed piping, electrical or heating/air conditioning system components, with the exception of air conditioning condensers;
- (10) aluminum siding;
- (11) vinyl siding unless specifically approved by the Developer;
- (12) single glazed windows or doors;
- (13) towers or turrets;
- (14) barrel tile or cement tile shingles;
- (15) color extremes;
- (16) unstained or unpainted siding or trim; or
- (17) inconsistent roof forms.

(f) Design Elements Which Are Required. The following design elements are required:

- (1) Complete clearing of a Lot should be limited to the "footprint" of the Dwelling Unit, driveway and parking areas.
- (2) As much existing plant materials as possible should be preserved.
- (3) New plant materials should be types native to the Orange Beach area.
- (4) Landscape lighting should be soft.
- (5) Adjacent Lot Owners' privacy should be considered.
- (6) Electrical service from the street to the Dwelling Unit shall be underground.
- (7) Any open area under a house shall have approved lattice work or other perimeter screening.
- (8) All Dwelling Units located on Interior Lots shall be built no less than one foot above existing grade and no higher than four feet above existing grade or the minimum height required by the

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applicable flood zone regulations of the United States or other regulatory authority.

(9) All Canal Lots shall be built on piling with parking underneath.

(g) Approval Not A Guarantee Or Representation Of Proper Design Or Good Workmanship. No approval of plans, location or specifications, and no publication of Architectural and Design Review Guidelines shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence or that it will comply with applicable federal, state or local governmental regulations. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good and workmanlike manner. The Developer shall not be responsible or liable for any defects in any plans or specifications submitted, revised or approved under these Covenants nor for any defects in construction pursuant to such plans and specifications. The Property Owner shall have sole responsibility for compliance with approved plans and does hereby hold the Developer harmless for any failure thereof caused by the Property Owner's architect or builder. The Developer reserves the right to prohibit the Property Owner's builder and/or general contractor from the site in the event it is determined that failure to comply with approved plans is determined by the Developer, in its sole discretion, to be intentional or due to gross negligence.

Section 3.04 Siting. All dwelling structures, buildings, and other structures must be located within the setback lines as shown on the Plat, the coastal construction lines, and all applicable federal, state, and local building restrictions, if any. To assure that buildings and other structures will be located so that the maximum view, privacy and breeze will be available to each building or structure, and that buildings and structures will be located with regard to the topography of each property taking into consideration the location of trees or plants, and other aesthetic and environmental considerations, the Developer reserves unto itself, its successors and assigns, the right to control and to decide solely (so long as (a) Developer's decisions are not arbitrary or capricious and (b) subject to the provisions of the pertinent land use regulations of public authorities having jurisdiction) the precise site and location of any building or structure on any property in the Development. The location shall be determined only after reasonable opportunity is afforded by the Property Owner to recommend a specific site. Provided however, that in the event an agreed location is stipulated in writing in the contract of purchase from the Developer, and such location complies with the local county regulations, the Developer shall approve automatically such location for a residence or group of residences.

Section 3.05 Signs and Mailboxes. No signs, including but not limited to "For Sale" and/or "For Rent" signs or ornaments shall be erected or maintained on the Property by anyone, including, but not limited to, the Property Owner, a realtor, a contractor or subcontractor without the prior written consent of Developer, or except as may be required by legal proceedings. In addition, no such signs may be displayed in any manner within a residence so as to be visible from the exterior. If such permission is granted, the Developer reserves the

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right to restrict size, color and content of such signs. Notwithstanding the above, the Developer has designed a sign for the use of contractors and architects to display during construction. These signs can be displayed for eight (8) months or until completion of construction, whichever shall first occur. No mailboxes may be erected or maintained on the Property except mailboxes approved and provided by the Developer to a Property Owner. The actual cost of providing, erecting and maintaining a mailbox, including Developer approved numbering or lettering, shall be paid by the Property Owner.

Section 3.06 Unightly Conditions. It shall be the responsibility of each Property Owner and tenant thereof to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly, or unkempt condition of buildings or grounds on their property either before, during or after construction. It shall also be the responsibility of each Property Owner and tenant thereof to prevent accumulations which shall tend to substantially decrease the beauty of the community as a whole or the specific area.

Section 3.07 Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the Developer. Neither these nor any other illumination devices located anywhere on the structures or grounds of any Dwelling Unit shall be located, directed, or of such intensity as to affect adversely the night-time environment of any adjacent property.

Section 3.08 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, kept or pastured on the Property, except that a reasonable number of common household pets such as dogs and cats may be kept in any one Dwelling Unit, provided said pets must be secured by a leash or lead, or under the control of a responsible person and obedient to that person's command at any time they are permitted outside a Dwelling Unit or other enclosed area approved by the Developer for the maintenance and confinement of pets.

Section 3.09 Sewage. Prior to the occupancy of a Dwelling Unit, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains. No sewage or other waste material shall be emptied or discharged into any creek, marsh, river, harbor, sound, waterway, beach, or shoreline thereof.

Section 3.10 Water. No private water wells may be drilled or maintained on any Lot or any other portion of the Property without the approval of the Developer.

Section 3.11 Repairs and Hazards. Any building or other improvement on any Lot attached thereto that is destroyed partially or totally by fire, storm or any other means shall be repaired or demolished within a reasonable period of time, and the land on which it was located restored to an orderly and attractive condition. Any damage which causes a dangerous or unsafe condition to persons or which is unsightly and which is not repaired within a reasonable time (in no event longer than sixty (60) days) following notice, may be repaired at the direction of the Association or the Developer and the cost of such repairs shall become a lien against the

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pertinent Lot and become the personal obligation of the Owner(s) of such Lot. Any entry upon a Lot to effect such emergency repairs shall not be deemed a trespass.

Section 3.12 Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot or any other portion of the Property, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the community. The Developer shall have the express right, in its sole discretion, to publish rules from time to time to prohibit, regulate or otherwise deal with activities which violate this paragraph.

Section 3.13 Certain Easements. The Developer reserves unto itself, its successors, assigns, contractors, licensees, and agents a perpetual, alienable and releasable easement and right on, over and under the ground of the Property (including without limitation the Recreational Area and each Lot) to erect, maintain and use electric, cable television and telephone poles, wires, cables, conduits, drainage ways, sewers, wells, pumping stations, tanks, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage, or other public conveniences or utilities on, in or over those portions of the Property as may be reasonably required for any purposes and, further, an easement on, over, and under any area of the Property specifically designated on the Plat for such purpose; provided, however, that no such easement shall be applicable to any portion of the Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to this Declaration by the Developer, or (b) such portion of the Property as may be designated as the site for a building on a plot plan or for erection of a building which has been filed with the Developer and which has been approved in writing by the Developer. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Any material disturbance to the grounds of any Property Owner caused by such utility installation shall be repaired and said grounds returned to their prior condition by the Developer, or prompt and reasonable remuneration for such repairs shall be made to such Property Owner by the Developer.

Section 3.14 Antennas. No television antenna, receiving "dish", radio receiver or sender or other similar device shall be attached to or installed on any Lot or structure within the Development. Nor shall radio, television signals, nor any other form of electromagnetic radiation be permitted to originate from any Dwelling Unit, Lot or any other portion of the Property which may unreasonably interfere with the reception of television or radio signals upon any other of such properties. However, the provisions of this section shall not prohibit the Developer from installing equipment necessary for a master antenna system, security system, cable television and mobile radio systems or other similar systems within the Development.

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Section 3.15 Trespass. Whenever the Developer is permitted by this Declaration to correct, repair, clean, preserve, clear out or do any action on any of the Property or on the easement areas adjacent thereto, entering such Property and taking such action shall not be deemed a trespass.

Section 3.16 Parcels. No Residential Lot shall be subdivided, or its boundary lines changed, except with the written consent of the Developer. However, the Developer hereby expressly reserves to itself, its successors or assigns, the right to replat any lot and to take such other steps as are reasonably necessary to make such replatted lot suitable and fit as a building site including, but not limited to, the relocation of the lot or easements, walkways, rights-of-way, private roads, bridges, parks and recreational facilities. The provisions of this Section shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot. Following the combining of two (2) or more lots into one (1) larger lot, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these General Covenants. Consolidation of lots, as described above, must be approved by the Developer, said approval to be granted in the Developer's sole discretion upon such terms and conditions as may be established by the Developer from time to time, including specific provisions for the payment of assessments. Consolidated lots approved by the Developer shall be considered one (1) lot for purposes of payment of dues and assessments to the Association.

Section 3.17 Ingress and Egress. The Property Owner, in accepting title to property conveyed subject to the Covenants and restrictions of this Declaration, waives all rights of uncontrolled and unlimited egress and ingress to such property (and waives such rights for any person claiming entry rights by virtue of any relationship or permission of such Property Owner and successors in title) and agrees that such ingress and egress to its property may be limited to roadways built or approved by the Developer. The Developer, its successors, assigns, agents, employees and licensees, expressly reserve a right of ingress and egress upon and through any and all roads, roadways, bridges and any other designated access routes in the Development to any portion or part of the Development or Property. Nothing in this section shall be construed as placing an affirmative obligation on the Developer to provide or construct any road, bridge, or other means of ingress and egress to or within the Development.

Section 3.18 Firearms. No hunting by any means or discharge of firearms of any type shall be allowed on the Property.

Section 3.19 Timesharing. No Dwelling Unit or other portion of the Property within the Development shall be used for or subject to any type of vacation Timesharing Plan, as defined by Title 34-27-50 et. seq. of the Code of Alabama (1975), as amended.

Section 3.20 Minimum Lease Terms. No Dwelling Unit shall be leased by a Property Owner for a lease term of less than one (1) week which shall be defined as seven (7) calendar days.

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Section 3.21 Bridges. The Developer expressly reserves to itself, its successors, assigns, agents, employees, and licensees, any other provisions of this Declaration notwithstanding, the right to build docks, bridges, walkways, or fixed spans across any or all natural or man-made waters, canals, creeks, paths, or lagoons in the Development. Nothing in this section shall be construed as placing an affirmative obligation on the Developer to provide or construct any such improvement.

ARTICLE IV

DWELLING UNITS

Section 4.01 Building Height. The height of any structure, including single Family Dwelling Units within the Property shall be subject to all applicable governmental guidelines and approvals. The zoning regulations for Ono Island regulate building height and approval from the Board of Adjustment may be necessary depending upon the design of the residential unit since the building height allowed under this Section 5 may exceed the building height allowed in the zoning ordinance adopted for Ono Island.

(a) Interior Lots. No structure, except as herein provided, shall be erected, altered, placed, or attached to or permitted to remain on Interior Lots other than the following: One (1) single family dwelling not to exceed two stories with a maximum average roof height of thirty-five (35) feet above grade or flood elevation whichever is higher; the first floor elevation shall be a minimum of one (1) foot above existing grade and no higher than four (4) feet above existing grade or the minimum height established by applicable flood zone regulations of the United States or other regulatory authority, whichever is higher. No habitable space shall be allowed below the first floor level.

(b) Canal Lots. No structure, except as herein provided, shall be erected, altered, placed, or attached to or permitted to remain on Canal Lots other than the following: One (1) single family dwelling not to exceed two stories with a maximum average roof height of thirty-five (35) feet above the first floor elevation. The first floor elevation shall be a minimum of fourteen (14) feet above sea level or nine (9) feet above grade, whichever is higher. No habitable space shall be allowed below the first floor level. A raised level below the first habitable floor of a Dwelling Unit to comply with the minimum height established by applicable flood zone regulations of the United States and/or used for parking and storage shall not be considered a story for purposes of this Section.

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Section 4.02 Building Size.

(a) Canal Lots. One (1) story single Family Dwelling Unit structures shall have a minimum of two thousand (2,000) square feet under roof. A minimum of one thousand eight hundred (1,800) square feet of the two thousand (2,000) square feet shall be Enclosed Livable Area with the balance being verandas and/or porches.

One and one-half (1½) story single Family Dwelling Unit structures shall have a minimum of two thousand two hundred (2,200) square feet under roof, of which a minimum of sixteen hundred (1,600) square feet shall be on the lower living floor. One thousand two hundred (1,200) square feet of the sixteen hundred (1,600) square feet shall be Enclosed Livable Area with the balance being verandas and/or porches. The upper living floor of the one and one-half story single Family Dwelling Unit structure shall have a minimum of six hundred (600) square feet of Enclosed Livable Area.

Two (2) story single Family Dwelling Unit structures shall have a minimum of twenty-four hundred (2,400) square feet under roof, of which a minimum of one thousand four hundred (1,400) square feet shall be on the lower living floor. One thousand (1,000) square feet of the one thousand four (1,400) square feet shall be Enclosed Livable Area with the balance being verandas and/or porches. The upper living floor of the two-story single Family Dwelling Unit structure shall have a minimum of one thousand (1,000) square feet of Enclosed Livable Area.

No open decks on any single Family Dwelling Units structure shall be counted as verandas or porches.

(b) Interior Lots. One (1) story single Family Dwelling Unit structures shall have a minimum of one thousand six hundred (1,600) square feet of Enclosed Livable Area.

One and one-half (1½) story single Family Dwelling Unit structures shall have a minimum of one thousand eight hundred (1,800) square feet of Enclosed Livable Area, of which a minimum of two hundred (1,200) square feet shall be on the lower living floor. The upper living floor of the one and one-half story single Family Dwelling Unit structure shall have a minimum of six hundred (600) square feet of Enclosed Livable Area.

Two (2) story single Family Dwelling Unit structures shall have a minimum of two thousand (2,000) square feet of Enclosed Livable Area, of which a minimum of one thousand (1,000) square feet shall be on the lower living floor. The upper living floor of the two-story single Family Dwelling Unit structure shall have a minimum of one thousand (1,000) square feet of Enclosed Livable Area.

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Section 4.03 Parking. Each Owner shall provide sufficient space, off Development roadways, for the parking of approved vehicles for their use and the use of their guests prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Developer.

(a) Canal Lots. Enclosed parking under the Dwelling Unit shall be provided for two (2) vehicles for each Dwelling Unit and shall have approved lattice work or other perimeter screening. No detached garages shall be allowed.

(b) Interior Lots. Enclosed parking shall be provided for two (2) vehicles for each Dwelling Unit. No detached garages shall be allowed.

Section 4.04 Completion of Construction. The exterior of all Dwelling Units and other structures must be completed within nine (9) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Property Owner or builder due to strikes, fires, national emergency or natural calamities. Dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction the Property Owner shall require the contractor to maintain the Lot in a reasonably clean and uncluttered condition. Upon completion of construction, the Property Owner shall cause the contractor to immediately remove all equipment, tools, construction material and other debris from the Lot. Any damage to roadways, paths, Recreational Area or any other property owned by any person or entity caused by the Property Owner's contractor or other parties providing labor or services to the Property Owner shall be repaired by the Property Owner or by the Developer at the Property Owner's expense. The landscaping plan for all Dwelling Units and other structures must be completed within ninety (90) days of occupancy or substantial completion, whichever date shall first occur.

Section 4.05 Service Yards. Each Property Owner shall provide a visually screened area to serve as a service yard and an area in which garbage receptacles, electric meters, air conditioning equipment, and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent properties. No window air conditioning units may be installed or used on or in any structure on any Lot. No clothes lines are allowed on any Lot.

Section 4.06 Boat Docks and Associated Structures. The owners of Canal Lots shall be permitted to construct a boat dock and other associated structures to be attached to their Canal Lots. The size, design and location of the said boat dock, boat lift and other associated structures shall be subject to guidelines for canal structures established by The Property Owners Association of Ono Island, Inc. and further subject to approval of Developer, said approval of Developer to be required until such time as all lots are sold. No other structures, including but not limited to gazebos, or observation decks, other than a dock may be constructed or attached to the canal lots.

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Section 4.07 Other Buildings, Vehicles and Boats. No mobile home, recreational vehicle, trailer, tent, or other similar vehicle or out-building or structure shall be placed on any Residential Lot, or any other portion of the Property at any time, either temporarily or permanently without prior approval from the Developer. No boat may be stored, temporarily or permanently, on any residential lot unless concealed from view in a garage approved by the Developer or unless it is docked at a boat dock.

ARTICLE V

ADDITIONAL RESTRICTIONS TO IMPLEMENT EFFECTIVE ENVIRONMENTAL CONTROLS

In order to protect the natural beauty of the vegetation, topography, and other natural features of all properties within Ono North, Phase One, and in furtherance of the safety and anesthetic enjoyment of Ono North, Phase One, the following environmental controls and restrictions are hereby established.

Section 5.01 Topography and Vegetation. In order to protect the natural beauty of the vegetation and topography of the shoreline, woodlands, marsh, lake and lagoon edges located throughout Ono North, Phase One, written approval of the Developer is hereby required for the removal, reduction, cutting down, excavation, filling or alteration of topographic and vegetation characteristics. Written approval will be granted for the amount of earth movement required in plans and specifications approved pursuant to the provisions of Section 3 of Article III.

Section 5.02 Tree Removal. Prior to approval of a Property Owner's landscaping plan by the Developer, no trees or underbrush may be removed without the written consent of the Developer.

Section 5.03 Certain Controls. In order to implement effective insect, reptile and fire control, the Developer and its agents have the right to enter upon any property on which a building or structure has not been constructed and upon which no landscaping plan has been implemented, for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth which in the opinion of the Developer detracts from the overall beauty, setting and safety for Ono North, Phase One. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the owner of the property. The Developer and its agents may likewise enter upon such property to remove any trash which has collected. The provisions in this paragraph shall not be construed as an obligation on the part of the Developer to mow, clear, cut or prune any property, to provide garbage or trash removal services, or to provide water pollution control or fire control on any privately owned property. Entrance upon property pursuant to the provisions of this paragraph shall not be deemed a trespass.

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Section 5.04 Pesticides; Fire Control. In addition, the Developer reserves unto itself, its successors and assigns a perpetual, alienable and releasable easement and right on, over and under any portion of the Property to dispense pesticides and take other action which in the opinion of the Developer is necessary or desirable to control insects, vermin, reptiles or any other animal not permitted by Article III, Section 15 of these Covenants; and to cut fire breaks and other activities which in the opinion of the Developer is necessary or desirable to control fires on any property, or any improvements thereon. No burning of underbrush, trees, trash, leaves, debris or setting of fires for any purpose other than normal outdoor cooking shall be allowed without the written permission of the Developer. Entrance upon property pursuant to the provisions of this paragraph shall not be deemed a trespass.

Section 5.05 Vehicle Control. In the interest of the health, safety and aesthetic enjoyment of the Owners and visitors within Ono North, Phase One, the Developer reserves unto itself, its successors and assigns, the exclusive and absolute right to prescribe or otherwise limit the type, size, axle length, tires, weight and engine or other characteristics of all vehicles, automobiles, boats, jitneys, carriages or other mode of transportation to be used within Ono North, Phase One, and further, to establish and enforce speed limits, noise level limits and other traffic and vehicle rules and regulations within Ono North, Phase One, as the Developer in its sole discretion deems appropriate.

Section 5.06 Parking. Parking on the paved portion of any roadway within Ono North, Phase One, shall be prohibited at all times. Parking areas will be established by the Developer or the Association at various places for access to selected common areas and commercial areas. Any vehicle violating this restriction may be removed by the Developer or its designated agent and towing charges assessed with the impounding of the vehicle.

Section 5.07 Setback and Side Line Requirements. All buildings built on any Lot shall comply with the setback (30 feet) and side line restrictions (10 feet) as required upon such Lot as set forth in the applicable Architectural & Design Review Guidelines and/or the recorded Plat. Such setback restrictions shall be a covenant running with the land.

ARTICLE VI

PROVISIONS RELATED TO RECREATIONAL AREA

Section 6.01 Recreational Area. The Developer may but shall not be required to convey by statutory warranty deed to the Association the Recreational Area as shown on the plat, subject to all restrictions and limitations of record and to all additional restrictions and covenants set forth in the deed of conveyance.

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Section 6.02 Erosion Control. The Developer shall have the right, but not the obligation, to protect from erosion any Property in the Development including the Recreational Area by planting trees, plants, and shrubs where and to the extent necessary or by such mechanical means as construction and maintenance of siltation basins, or other means deemed expedient or necessary by the Developer. The right is likewise reserved to the Developer to take steps necessary to provide and ensure adequate drainage ways, remove diseased, dead or dangerous trees or underbrush, and carry out other similar activities.

Section 6.03 Utility and Governmental Services and Private Easements. All Lots within the Development and the Recreational Area shall be subject to utility, governmental services and private drainage easements as shown on the face of the recorded Plat and all rights of ingress, egress and access for persons and equipment associated therewith. In addition to the foregoing, the Developer reserves unto itself, its successors, assigns, contractors, licensees and agents a perpetual, alienable and releasable easement and right on, over and under the ground along both sides of all roads and rights-of-way and along the side and rear lines of each Lot as shown on the Plat.

Section 6.04 Public Rights Limited. The granting of the easement in the Recreational Area in this part in no way grants to the public or to persons other than Members of the Association and their guests the right to enter such Recreational Area or use the roadways or designated access routes without the express permission of the Developer, or the Association after the Recreational Area is conveyed to the Association by the Developer.

Section 6.05 Prohibitions on Use of Recreational Area. No Owner of a Lot or other property on Ono Island, their family members, tenants or guests, except those members in the Association, shall have the right to use the Recreational Area, and any such use of the Recreational Area by said Lot Owners, property owners, their family members, tenants or guests, except those members in the Association, is expressly prohibited.

Section 6.06 Reservations. The Developer expressly reserves to itself, its successors, assigns, guests, licensees and agents every reasonable use and enjoyment of the Recreational Area, in a manner not inconsistent with the provisions of this Declaration, including but not limited to the use of the roadways and designated access routes located in the Development.

Section 6.07 Developer Actions. Where the Developer is permitted by this Declaration to correct, repair, clean, preserve, clear out or do any action on any property, entering the property and taking such action shall not be deemed a trespass or breach of these Covenants.

Section 6.08 No Obligation on Developer. It is expressly understood and agreed that the granting of the easements set out in this article in no way places a burden of affirmative action on the Developer.

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ARTICLE VII

SPECIAL RESTRICTIONS AFFECTING ALL WATERFRONT AREAS

Section 7.01 Watercraft Restrictions. No boats, other watercraft or other non-permanent structures may dock or drop anchor outside of the dock areas of the docks owned by the Owners of Canal Lots. No boats or other watercraft may discharge any sewage, garbage or other substances into the waterways. No persons or animals may "live aboard" any boat or watercraft for even one overnight period. The Developer may also establish rules and regulations concerning noise levels of boat engines, radios and other noise-emitting devices.

ARTICLE VIII

MEMBERSHIP IN THE ASSOCIATION

Section 8.01 Membership. Each Owner shall be a Member of the Association in accordance with Article IV of the Articles of Incorporation of the Association. Each Owner of a numbered and delineated Lot in Ono Harbour, Units 1, 2, 3 and 4, and Ono Harbour Peninsula, according to the plats thereof recorded in the Probate Court of Baldwin County, Alabama, being a Qualifying Lot, shall have the option of becoming a Member of the Association in the manner set forth in Article IV of the Articles of Incorporation of the Association. In addition the Developer shall have the right to designate in each calendar year up to 20 persons as members of the Association during that year, as more specifically provided in Article IV of the Articles of Incorporation of the Association.

Section 8.02 Association Membership Assessments and Dues. Every Member of the Association, including Elective Members and Developer Designated Members, shall also pay all dues and assessments as established by the Board of Directors of the Association.

Section 8.03 Voting, Governance and Other Association Matters. Voting, governance and other Association matters are set forth in the Articles of Incorporation of the Association to which each Lot owner and all Members of the Association shall be subject.

Section 8.04 Prohibitions on Use of Recreational Area. No Owner of a residential lot or other real property on Ono Island, nor their family members, tenants or guests, except those who are also Members in the Association as provided in the Articles of Incorporation of the Association, shall be granted the right or privilege by any Member of the Association to use or obtain access to the Recreational Area, and any such use of the Recreational Area by said property owners, their family members, tenants or guests, except those who are also Members in the Association, is expressly prohibited. Notwithstanding the foregoing provision, the Board

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of Directors shall have the authority granted to it pursuant to the Articles of Incorporation of the Association to authorize the use of the Properties or the Recreational Area to any person for such dues, fees or charges as it deems necessary or desirable.

ARTICLE IX

MEMBERS' RIGHTS IN THE RECREATIONAL AREA

Section 9.01 Members' Easements of Enjoyment in Recreational Area. Subject to the provisions of this Declaration, Articles of Incorporation, By-Laws, and the rules and regulations of the Association, and any fees or charges established by the Association, every Member and every guest or lessee of such Member shall have an easement of enjoyment in and to the Recreational Area. A Member's or lessee's spouse and children who reside with such Member or lessee shall have the same easement of enjoyment hereunder as a Member. The easement of enjoyment herein shall pass from a Member to a lessee during the lease term; provided, however, the Association may adopt additional restrictions to its rules and regulations limiting the easement of enjoyment of guests and lessees, including but not limited to the specification of minimum lease terms, the number of guests allowed, or the prohibition or use by lessees or guests of specific Association properties.

Section 9.02 Title to Recreational Area. The Developer may but shall not be required to convey all or part of the Recreational Area by statutory warranty deed to the Association, subject to all restrictions and limitations of record and to all additional restrictions and covenants set forth in the deed of conveyance. The Association shall be required to accept such conveyance of the Recreational Area and shall, after such conveyance, immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Association's Board of Directors subject to this Declaration. The Recreational Area shall also be conveyed subjected to all easements and restrictive covenants of record at the time of conveyance and the rights that others may have.

Section 9.03 Extent of Members' Easements. The easements of enjoyment created hereby shall be subject to the following:

- (a) the right of the Association, in accordance with its By-Laws, to place mortgages or other encumbrances on the Recreational Area as security for borrowings by the Association;
- (b) the right of the Association, in accordance with its By-Laws, to take such steps as are reasonably necessary to protect the Recreational Area against foreclosures;
- (c) the right of the Association, in accordance with its By-Laws, to suspend the voting rights and easements of enjoyment of any Member lessee or guest of any Member for any period

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during which the payment of any assessment against the property owned by such Member is delinquent, and for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay such assessment;

(d) the right of the Association, in accordance with its By-Laws, to charge reasonable user, admission or other fees for the use of the Recreational Area and any facilities included therein, it being understood that this right of the Association allows it to have fees and charges apply to any Member, guest or lessee without applying uniformly to all classes of users of the Association's facilities;

(e) the right of the Association, in accordance with its By-laws, to adopt and publish rules and regulations governing the use of the Recreational Area, and the conduct of Members, their lessees or guests, and to establish penalties for the infraction of such rules and regulations.

(f) the right of the Developer, or the Association in accordance with its By-Laws, to dedicate or transfer to any public or private utility company, utility or drainage easements on, over or under any part of the Recreational Area;

(g) the right of the Association, in accordance with its By-Laws, to give or sell all or any part of the Recreational Area including a leasehold interest, to any public agency, public authority, public service district, utility company or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such gift, sale or determination as to purposes and conditions shall be authorized by the affirmative vote of at least two-thirds (2/3) of the votes entitled to be cast by Members at a duly constituted meeting of the Association. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association, and such certificate shall be annexed to any instrument or dedication or transfer affecting the Recreational Area prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the Members;

(h) restrictions and limitations affecting all Property of the Development as set forth in the General Covenants; and

(i) the rights of others as set forth herein.

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ARTICLE X

COVENANTS FOR ASSESSMENTS

Section 10.01 Creation of the Lien and Personal Obligations for Assessments. Each Owner, except the Developer, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Developer or the Association as provided below the following: (1) annual assessments or charges ("Annual Assessment" or "Regular Annual Assessment"); and (2) special assessments or charges for the purposes set forth in this Article ("Special Assessment"), both such assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with interest thereon at a rate per annum equal to eighteen percent (18%) from the date of delinquency until collected (unless waived by the Board), and the cost of collection thereof, including reasonable attorneys' fees, shall also be the personal obligation of the Owner of such real property at the time when the assessment first becomes due and payable. In the case of co-ownership of a Lot, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment, interest, penalties, and cost of collection. If an assessment is not paid within forty-five (45) days after the due date, such assessment shall then be delinquent and interest shall be added to the amount as provided herein and a penalty in an amount to be determined annually by the Board of Directors of the Association and consistently applied shall be added to such assessment, and further, the Association may bring an action at law against the Owner personally, and there shall be added to the amount of such assessment the Association's actual attorneys' fees and disbursements related to such action. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and such actual counsel fees and disbursements together with the costs of the action. Unless otherwise provided by the Board of Directors, Annual Assessments shall be due and payable on or before the first day of the calendar year for which the assessment is due.

Section 10.02 Purpose of the Assessments and Payment To Developer. Notwithstanding any provision contained herein, until such time that the Developer has in fact conveyed to the Association all of the Recreational Area, all assessments of any nature provided for herein shall be due and payable to the Developer, its successors or assigns, and all rights hereby established in behalf of the Association, including all remedies in event of default by an Owner, shall accrue to the benefit of the Developer. The assessments levied by the Association or the Developer shall be used exclusively for the improvement, replacement, maintenance, repair, enhancement, enlargement and operation of the recreational amenities, roadways, paths, boardwalks, bridges, security systems, patrols and gates, insect control, vegetation control, drainage systems and similar purposes which are for the benefit of Property Owners, including the Recreational Area, and to provide all services which the Developer or Association is authorized to provide

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hereunder; including, but not limited to, payment of taxes and insurance, cost of labor and equipment, erosion control devices, materials, management supervision, accounting and Property Owner information services, repayment of loans and such other action as is necessary to carry out its authorized functions. Such assessments shall not be used to maintain or repair any property not belonging to the Association comprising a portion of the Recreational Area.

Section 10.03 Application of "Maximum" Assessment. The annual assessments, as set forth in the schedule hereinbelow, and as annually increased pursuant to the provisions of subparagraph (e) below, shall be levied by the Association or by the Developer pursuant to Section 10.01. If, however, the Board of Directors of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded by annual assessments less than those set out below, it may levy such lesser assessments. However, so long as the Developer is engaged in the Development of properties which are subject to the terms of this Declaration, the Association may not reduce annual assessments below those set out in subparagraph (a) of this section without prior written consent of the Developer. The levy of annual assessments less than the maximum regular annual assessments in one year shall not affect the Board's right to levy the maximum regular annual assessments in subsequent years. If the Board of Directors shall levy less than the maximum regular annual assessments for any assessment year and if thereafter, during such assessment year, the Board of Directors shall determine that the important and essential functions of the Association cannot be funded by such lesser assessments, the Board may, by majority vote, levy supplemental assessments.

(a) The maximum regular annual assessment shall be the sums determined by the Board of Directors. The regular annual assessment for the year ending December 31, 1994 is Two Hundred And Forty No/100 (\$240.00) Dollars, and the entire amount of such assessment for 1994 shall be due and payable at the time a person becomes an Owner of a Lot.

(b) All assessments charged by the Association shall be rounded to the nearest dollar.

(c) From and after January 1, 1995, the maximum regular annual assessment for Improved Lots and for Unimproved Lots may be increased, adjusted or reduced from year to year by the Board of Directors of the Association as the needs of the Property, in the Board's sole judgment, may require.

(d) All dues are due and payable on the later of January 1 of each calendar year or the date on which a person becomes an Owner of a Lot. No dues for Lots in Ono North, Phase One, may be pro-rated for any calendar year.

Section 10.04 Special Assessments for Improvements and Additions. In addition to the maximum regular annual assessment authorized by Section 10.03 hereof, the Association may also levy special assessments against the Property Owners for the following purposes:

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- (a) construction or reconstruction, repair or replacement of capital improvements upon the Recreational Area including the necessary fixtures and personal property related thereto;
- (b) additions to the Recreational Area;
- (c) facilities and equipment required to offer the services authorized herein;
- (d) repayment of any loan made by the Association to enable it to perform the duties and functions authorized herein.

The proportion of each special assessment to be paid by the Owners of the assessable property shall be equal to their respective proportions of the annual assessments made for the assessment year during which such special assessments are levied.

Section 10.05 Reserve Funds. The Association may establish reserve funds from its annual assessments to be held in reserve in an interest-bearing account or in obligations of the United States, State of Alabama, or any agency of either, or in Triple-A debt, or in prime commercial paper with a maturity of not more than nine (9) months, as a reserve for (a) major rehabilitation or major repairs, (b) emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss, (c) recurring periodic maintenance, and (d) initial costs of any new service to be performed by the Association.

Section 10.06 Date of Commencement of Annual Assessments. Notwithstanding anything in the foregoing to the contrary, the annual assessments provided for herein shall commence and shall be due and payable in full for the entire year, without proration, on the date on which each Lot is purchased from Developer, and thereafter shall be due and payable on January 1 of each calendar year.

Section 10.07 Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the annual assessment against each Lot, in accordance with the assessment schedule as provided hereinabove, and shall at that time direct the preparation of an index of the properties and assessments applicable thereto which shall be sent promptly to every Member subject thereto.

The Association shall upon written demand from any Owner at any time furnish to such Owner liable for any assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence against all but the Owner of payment of any assessment therein stated to have been paid.

Section 10.08 Subordination of the Lien of Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply

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only to the assessments occurring subsequent to the date such mortgage becomes of record and, provided further, that upon a sale or transfer of such property pursuant to foreclosure, or any other proceeding or deed in lieu of foreclosure, the title acquired by the purchaser of such property shall be subject to the lien of such subsequent assessments.

Section 10.09 Exempt Property. The following property, individuals, partnerships, or corporations subject to this Declaration shall be exempted from the assessments, charges and lien created herein:

- (a) the Developer and any Lot(s) owned by the Developer;
- (b) the grantee in conveyances made for the purpose of granting utility and drainage easements;
- (c) the Recreational Area; and
- (d) property which is used in the maintenance and service of facilities within the Recreational Area, or by non-profit, governmental or charitable institutions.

Section 10.10 Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association, within ninety (90) days after the close of each fiscal year of the Association, shall prepare and execute general itemized statements as of the close of such fiscal year showing the actual assets and liabilities of the Association, and a statement of revenues, costs and expenses. The name of any creditor to which an amount of more than Two Hundred Fifty and No/100 Dollars (\$250.00) is owed by the Association shall be set out in such statement. The Association shall furnish to each Member of the Association who may make a request therefor in writing, a copy of such statement within thirty (30) days after receipt of such request. Such copies may be furnished to the Member either in person or by mail.

Section 10.11 Annual Budget. The Board of Directors shall cause to be prepared and make available to all Members at the office of the Association at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for such fiscal year. The financial books of the Association shall be available for inspection by all Members at the office of the Association at all reasonable times.

ARTICLE XI

FUNCTIONS OF ASSOCIATION

Section 11.01 Ownership and Maintenance of Recreational Area. The Association shall be authorized to own and/or operate and maintain the Recreational Area and equipment,

furnishings, and improvements devoted thereto. Land included in "Recreational Area" shall be used in the manner set forth by the Developer and/or the Association.

Section 11.02 Services. The Association shall be authorized, but not required, to provide the following services which shall not limit or affect any services provided by any municipality, county, state, or federal agency:

(a) employment of a manager, an independent contractor, or such other employees as are necessary to perform services for the Association;

(b) cleanup and maintenance of all roadways, road medians and Recreational Area within the Property and also all public properties which are located within or in a reasonable proximity to the Property such that their deterioration would affect the appearance of the Property as a whole;

(c) landscaping and landscape maintenance of roadways, sidewalks, walking and bicycle paths, and any Recreational Area;

(d) lighting of roadways, sidewalks and paths through the Property;

(e) police protection and security, including but not limited to the employment of police and security guards and the maintenance of electronic and other security devices and control centers, for the protection of persons and property within the Property and assistance in the apprehension and prosecution of persons who violate the laws of Alabama, the United States, or other governing body within the Property;

(f) fire protection and prevention;

(g) garbage and trash collection and disposal;

(h) insect and pest control to the extent that it is necessary and desirable in the judgment of the Board of Directors of the Association;

(i) legal and scientific resources for the improvement of air and water quality within the Property;

(j) safety equipment for storm emergencies;

(k) construction of improvements on Recreational Area as may be required to provide the services and equipment as authorized in this article;

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(l) administrative services, including but not limited to legal, accounting and financial services; and communication services informing Members of activities, notice of meetings, referenda and other matters incident to the above listed services;

(m) liability and hazard insurance covering improvements and activities on the Recreational Area;

(n) water, sewage and any necessary utility services not provided by a public body, private utility or the Developer;

(o) maintenance of water pollution and shoreline erosion abatement measures;

(p) exercise of any rights reserved by the Developer and transferred by the Developer to the Association including but not limited to all rights and functions of the Developer under the General Covenants;

(q) taking of any and all actions necessary in the discretion of the Board of Directors to enforce this Declaration and all other covenants and restrictions affecting the properties of the Association and to perform any of the functions or services delegated to the Association in this Declaration or other covenants or restrictions or authorized by the Board of Directors.

Section 11.03 Reduction of Services. The Board of Directors of the Association shall periodically define and list a minimum level of services of the sort described in Section 10.02 to be furnished by the Association in any given year.

Section 11.04 Obligations of the Association. The Association shall not be obligated to carry out or offer any of the functions or services specified by the provisions of this article. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association or set forth in the By-Laws, taking into consideration the funds available to the Association and the needs of the Members of the Association.

Section 11.05 Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association to perform its authorized functions. The Developer may make loans to the Association, subject to approval by the Developer of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the limits of the maximum regular annual assessments at any time there are any outstanding amounts owing the Developer from loans made by the Developer to the Association.

Section 11.06 Transfer of Authority. This Declaration provides the Developer with various controls and rights, to be exercised (if at all) at the discretion of the Developer. This Declaration further provides that any of the Developer's rights and powers set forth herein may be specifically assigned to the Association. In the event that such powers are assigned of record to the Association, the Association shall promptly provide for appropriate procedures to perform its obligations pursuant to the powers transferred to it.

ARTICLE XII

ARCHITECTURAL CONTROL BY ASSOCIATION

Section 12.01 Board. Upon assignment of the architectural control function by the Developer to the Association, the Association shall appoint an Architectural Review Board composed of three (3) people, all of whom shall be appointed by the Board of Directors of the Association. At least one (1) Member of the Association other than the officers, employees or agents of the Developer shall be a member of the Architectural Review Board. The Board of Directors of the Association may establish the rules of procedure for the Architectural Review Board in connection with the General Covenants.

Section 12.02 Architectural Review and Approval for the Property. Upon assignment by the Developer of architectural control functions to the Association with respect to any Lot within the Development, the Architectural Review Board shall function to ensure compliance with the restrictions set forth herein and shall in all respects with regard to such Lot succeed to the powers of the Developer with respect to architectural review and approval. The Architectural Review Board shall have the general rights of enforcement as set forth in this Declaration, including without limitation the right to enjoin violations.

Section 12.03 Transfer of Architectural Review and Approval. The Developer may assign its architectural control functions as provided in this Declaration, including those set forth in Section 3.03, at any time. The Association shall be required to accept such assignment and comply with the provisions contained in this Declaration.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.01 Duration. All Covenants, restrictions, and affirmative obligations set forth in this Declaration shall run with the land and shall be binding on all parties and persons claiming under them specifically including, but not limited to, the successors and assigns, if any, of the Developer for a period of thirty (30) years from the execution date of the Declaration,

after which time all said Covenants shall be automatically extended for successive periods of ten (10) years each, unless changed in whole or in part by an instrument signed by the Owners of at least two-thirds (2/3) of the Lots.

Section 13.02 Amendment by Developer. The Developer reserves the right unilaterally to amend this Declaration, and to do so at such time, and upon such conditions, in such form and for such purposes as it, in its sole discretion, shall deem appropriate by preparing and recording an amendment hereto; provided, however, that this right of unilateral amendment is subject to the limitations set forth herein and provided, further, that this right of unilateral amendment shall expire after all Lots included herein or hereafter added by Developer pursuant to Section 2.02 have been sold to Owners other than the Developer, or fifteen (15) years from the date of the recording of this Declaration, whichever shall first occur, after which time this Declaration may be amended only in the manner set forth below.

Section 13.03 Amendment by Association.

(a) After the expiration of the right of the Developer to unilaterally amend this Declaration as provided in Section 13.02 above, amendments to this Declaration may be proposed by either the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by the affirmative vote of Members of the Association entitled to vote not less than a majority of the votes entitled to be cast by the Members, regardless of Class, as provided in the Declaration, the Articles of Incorporation of the Association or its By-Laws, whether meeting as Members or by instrument in writing signed by them. Upon any amendment or amendments to the Declaration being proposed by the said Board of Directors or Members, such proposed amendment or amendments shall be transmitted to the President of the Association or, in the absence of the President, such other officer of the Association, who shall thereupon call a special meeting of the members of the Association for a date not sooner than twenty (20) days, nor later than sixty (60) days, from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary of the Association to give each Member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days or more than fifty (50) days before the date set for such special meeting. Such notice shall be given to any Institutional Mortgagee of record who requests such notices and provides an address therefor to the Association. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the Member at the Member's mailing address as it appears on the records of the Association, the postage thereon being prepaid. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such Member. At such special meeting, the amendment or amendments proposed must be approved by the affirmative vote of Members of the Association entitled to cast not less than two-thirds (2/3rds) of the total number of votes which may be voted by all of the Members, regardless of Class, present or represented by proxy at a meeting called for such purposes, a

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quorum being present, in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments to the Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted and the original or executed copy of such amendment or amendments so certified and executed with the same formalities as a deed shall be recorded in the Office of the Judge of Probate of Baldwin County, Alabama, within twenty (20) days from the date on which the same became effective, such amendment or amendments to refer specifically to the recording identifying the Declaration. Thereafter, a copy of said amendment or amendments, in the form in which the same were placed of record, shall be delivered to all of the Owners, but mailing or delivering a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. The written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

Section 13.04 Enforcement. This Declaration shall be enforceable by the Association, the Developer, the Architectural Review Board, or any Member of the Association by a proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any Covenant or restriction, either to restrain violation or to recover damages, and to enforce any lien created by this Declaration. Failure by the Association or any Member or the Developer to enforce any Covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right of any of the foregoing to enforce same thereafter.

Section 13.05 Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration and to construe and interpret its provisions, and the determination of the Board shall be final and binding.

Section 13.06 Severability. Should any Covenant or restriction herein contained, or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 13.07 Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 13.08 Notice. Any notice required to be sent to any Member under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address of such Member appearing on the Association's Membership list not less than ten (10) days prior to the date of the meeting at which any proposed action is to be considered. Notice to one or more co-Owners or co-

tenants of a Lot shall be considered notice to all co-Owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day of the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 13.09 Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Developer contemplated under this Declaration, the Developer shall not be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such review, acceptance, inspection, permission, consent, or required approval, whether given, granted, or withheld.

Section 13.10 Termination of Association. In the event that this Declaration is declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Section 13.01, all Recreational Area owned by the Association at such time shall be transferred to a Trustee appointed by the Circuit Court of Baldwin County, Alabama, which Trustee shall own and operate said Recreational Area for the use and benefit of Owners within the Property as set forth below:

(a) Each Owner of any Lot shall be subject to an annual assessment which shall be paid by the Owner to the Trustee. The amount of such annual assessment and its due date shall be determined by the Trustee, in accordance with the provisions of Article VII.

(b) The Trustee shall be required to use the funds collected as annual assessments for the operation, maintenance, repair and upkeep of the Recreational Area as provided in this Declaration. The Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Trustee shall not have the obligation to provide for the operation, maintenance, repair and upkeep of the Recreational Area once the funds provided by the annual assessments provided by this article have been exhausted.

Section 13.11 Additional Restrictions. The Developer hereby reserves the right to add additional restrictive covenants in the future which may apply to any portion of the Property which has not been conveyed by the Developer to any grantee.

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Section 13.12 Successors to Developer. The Developer reserves the right to assign to the Association or to any other entity any of its rights or functions reserved in these Covenants including, but not limited to, its right to approve (or disapprove) plans and specifications of proposed improvements, its right to amend this Declaration, and its rights of enforcement.

Section 13.13 Captions. The captions in this Declaration are for convenience only and are not a part of this Declaration and do not in any way limit or amplify the terms and provisions of this Declaration.

IN WITNESS WHEREOF, Lakeside, Ltd., an Alabama limited partnership, has caused these presents to be executed by its duly authorized representatives this 15th day of June, 1994.

LAKESIDE, LTD., an Alabama limited partnership

By: ONO NORTH, INC.
an Alabama corporation
As Its General Partner

By: W. Allen Cox
W. ALLEN COX, President

By: CAPITAL MANAGEMENT DEVELOPMENT
CORP., an Alabama corporation
As Its General Partner

By: Thomas W. Leavell
THOMAS W. LEAVELL, President

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STATE OF ALABAMA

COUNTY OF Baldwin

I, the undersigned Notary Public in and for said State and County, hereby certify that W. ALLEN COX, whose name as President of ONO NORTH, INC., an Alabama corporation, as General Partner of LAKESIDE, LTD., an Alabama limited partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer of said general partner and with full authority, executed the same voluntarily for and as the act of said limited partnership on the day the same bears date.

GIVEN under my hand and seal this 15th day of June, 1994.

Sam Cross
NOTARY PUBLIC
My Commission Expires: 4-26-98

STATE OF ALABAMA

COUNTY OF Baldwin

I, the undersigned Notary Public in and for said State and County, hereby certify that W. THOMAS W. LEAVELL, whose name as President of CAPITAL MANAGEMENT DEVELOPMENT CORPORATION, an Alabama corporation, as General Partner of LAKESIDE, LTD., an Alabama limited partnership, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer of said general partner and with full authority, executed the same voluntarily for and as the act of said limited partnership on the day the same bears date.

GIVEN under my hand and seal this 15th day of June, 1994.

Sam Cross
NOTARY PUBLIC
My Commission Expires: 4-26-98

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