

Declaration of Covenants,
Conditions and Restrictions
for
Craft Farms North, Phase One, a Subdivision

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**Declaration of Covenants,
Conditions and Restrictions
for
Craft Farms North, Phase One, a Subdivision**

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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
CRAFT FARMS NORTH, PHASE ONE, A SUBDIVISION**

STATE OF ALABAMA :

COUNTY OF BALDWIN :

This **Declaration** made to be effective on the **Effective Date** (as defined in this **Declaration**) by **Craft Farms Land Development, LLC**, an Alabama Limited Liability Company (the "**Declarant**").

RECITALS:

A. The **Declarant** is the owner of the real property located in **Baldwin County, Alabama**, which is known as **Craft Farms North, Phase One, a Subdivision** recorded in the **Office of the Judge of Probate of Baldwin County, Alabama**, in **Slide ~~2243-B~~ Slide 2243-C, Slide 2243-D and Slide 2243-E** (the "**Plat**"), together with all improvements and appurtenances sometimes referred to in this **Declaration** as "**Craft Farms North, Phase One**".

B. The **Declarant** intends by this **Declaration** to impose upon **Craft Farms North, Phase One** mutually beneficial restrictions under a general plan of improvement for the benefit of all **Owners of Lots in Craft Farms North, Phase One** and to provide a method whereby other property may become part of **Craft Farms North, Phase One, a Subdivision** subjected to this **Declaration** by the recordation of a supplement to this **Declaration**.

C. The **Declarant** has caused the **Craft Farms North Property Owners' Association, Inc., an Alabama Nonprofit Corporation** (the "**Association**") to be formed as a master association for the purpose of providing an **Alabama Nonprofit Corporation** to serve as representative of the **Declarant** and the **Owners of Craft Farms North, Phase One**.

D. The **Association** and **Craft Farms North, Phase One** shall be subject to the terms and conditions of this **Declaration**.

NOW, THEREFORE, the **Declarant** declares that **Craft Farms North, Phase One** and any **Additional Property** as may by **Subsequent Amendment** be added to and be subjected to this **Declaration** shall be held, sold and conveyed or encumbered, rented, used, occupied and improved, subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the land and which shall be binding on all parties having any right, title or interest in **Craft Farms North, Phase One** or any part of **Craft Farms North, Phase One**, their heirs, successors and assigns, and shall inure to the benefit of each **Owner of Craft Farms North, Phase One**.

**Article I
Definitions**

The following words and terms when used in this **Declaration** (unless the context clearly shall indicate otherwise) shall have the following meanings:

Section 1.01. "Additional Property" shall mean and refer to additional real property and any improvements situated on said real property that may become subject to this **Declaration** by exercise of the unilateral right of annexation by the **Declarant** as provided in this **Declaration**. The **Additional Property** may also include **Common Area**.

Section 1.02. "Architectural Committee" shall mean and refer the **Architectural Committee** described in **Article IV** of this **Declaration**.

Section 1.03. "Architectural Guidelines" shall mean and refer to a publication promulgated and amended from time to time by the **Board of Directors** of the **Association** for the purpose of establishing rules, regulations and limitations and regulating and governing the use of **Craft Farms North, Phase One** as more particularly provided in this **Declaration**.

Section 1.04. "Articles of Incorporation" or "Articles" shall mean and refer to the **Articles of Incorporation** of the **Association**.

Section 1.05. "Assessments" shall mean and refer to the **Assessments** provided for in this **Declaration** which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the **Owners** and the occupants of **Craft Farms North, Phase One** and for the purpose of maintaining **Craft Farms North, Phase One**, all as may be specifically authorized from time to time by the **Board of Directors** and as more particularly authorized in this **Declaration**.

Section 1.06. "Association" shall mean and refer to **Craft Farms North Property Owners' Association, Inc.**, an Alabama Nonprofit Corporation, and the successors and assigns of the **Association**.

Section 1.07. "Board of Directors" shall mean and refer to the **Board of Directors** of the **Association**.

Section 1.08. "By-Laws" shall mean and refer to the **By-Laws** of the **Association**.

Section 1.09. "Common Area" or "Common Property" shall mean and refer to the areas designated on the **Plat of Craft Farms North, Phase One** as **Common Areas** or **Private Access Easements, Private Access and Utility Easements** or **Private Drainage and Utility Easements** or any property, buildings, fixtures, facilities or other personal property now owned or otherwise acquired by the **Association** by purchase, gift, lease or otherwise to be devoted to the common use and enjoyment of the **Owners of Craft Farms North, Phase One**. **Common Area** or **Common Property** shall not mean any easements or areas retained by the **Declarant** for future rights-of-way serving **Craft Farms North, Phase One**, a **Subdivision** or any other property located adjacent thereto.

Section 1.10. "Common Expenses" shall mean and include the actual and estimated expenses of operating the **Association**, including any reasonable reserve, as may be found to be necessary and appropriate by the **Board of Directors** pursuant to this **Declaration**, the **Articles of Incorporation** of the **Association** and the **By-Laws** of the **Association**.

Section 1.11. "Craft Farms North, Phase One" shall mean and refer to that certain real property described in **Paragraph A**, under **Recitals** on **Page 1** of this **Declaration**.

Section 1.12. "Declarant" shall mean and refer to **Craft Farms Land Development, LLC**, an Alabama Limited Liability Company, or the successors and assigns of **Craft Farms Land Development, LLC**, an Alabama Limited Liability Company, if such successors or assigns should acquire more than one undeveloped **Lot** from the **Declarant** for the purpose of development.

Section 1.13. "Declaration" shall mean and refer to this **Declaration of Covenants, Conditions and Restrictions**, which shall be recorded in the **Probate Records of Baldwin County, Alabama**, as the same may from time to time be supplemented or amended in the manner described in this **Declaration**.

Section 1.14. "Deed" shall mean and refer to any **Deed**, assignment, lease, or other instrument conveying fee simple title or a leasehold interest in any part of **Craft Farms North, Phase One**.

Section 1.15. "Eligible Mortgage Holder" shall mean and refer to a holder, insurer, or guarantor of a first mortgage on a **Lot** who has requested notice of certain matters from the **Association** as provided in this **Declaration** and in the **By-Laws**.

Section 1.16. "Existing Property" shall mean and refer to **Craft Farms North, Phase One**.

Section 1.17. "Lot" shall mean and refer to any improved or unimproved plot, parcel, or portion of land shown upon the **Plat** or any recorded final subdivision map of **Craft Farms North, Phase One**, with the exception of the **Common Property**, and shall include, where the context may indicate, any improvement or fixture located on the **Lot**.

Section 1.18. "Majority" shall mean and refer to those eligible votes, the **Owners**, or other groups as the context may indicate totaling more than fifty percent of the total eligible number.

Section 1.19. "Member" shall mean and refer to a **Person** or entity who holds membership in the **Association**, as provided in this **Declaration**.

Section 1.20. "Mortgage" shall mean and refer to any **Mortgage, Deed** with vendor's lien reserved and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

Section 1.21. "Mortgagee" shall mean and refer to the holder of any **Mortgage**, the holder of any vendor's lien reserved, and the holder of any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of any obligation.

Section 1.22. "Owner" shall mean and refer to the record **Owner**, whether one or more **Persons** or entities, of a fee simple title to any **Lot** which is a part of **Craft Farms North, Phase One**, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.23. "Permitted Antennas" shall mean and refer to the **Permitted Antennas** referred to and described in **Section 7.27** of this **Declaration**.

Section 1.24. "Person" shall mean and refer to a natural **Person**, corporation, partnership, trustee or other legal entity.

Section 1.25. "Plat" shall mean and refer to the **Plat** of **Craft Farms North, Phase One**, a **Subdivision** described in **Paragraph A** of the **Recitals** of this **Declaration**.

Section 1.26. "Subsequent Amendment" shall mean and refer to an amendment or supplement to this **Declaration** which subjects **Additional Property** to this **Declaration**. Such **Subsequent Amendment** may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by the **Subsequent Amendment**.

Article II **Mutuality of Benefit and Obligation**

This **Declaration** is made for the mutual and reciprocal benefit of each and every part of **Craft Farms North, Phase One** and is intended to create mutual, equitable servitudes upon **Craft Farms North, Phase One**, to create reciprocal rights between the respective **Owners** and future **Owners** of **Craft Farms North, Phase One**; and to create a privity of contract and estate between the grantees of **Craft Farms North, Phase One**, their heirs, successors and assigns.

Article III **Property Rights and Easements**

Section 3.01. Easement of Enjoyment by the Owners. Every **Owner** shall have and is granted a nonexclusive right and easement of ingress, egress, use and enjoyment in and to the **Common Area** necessary for access to the **Lot** of said **Owner** and such rights shall be appurtenant to and shall pass with the title to every **Lot**, subject to the following provisions:

A. The right of the **Association** to charge reasonable admission and other fees for the use and maintenance of the **Common Property** and to impose reasonable limits on the number of guests who may use the **Common Property**.

B. The right of the **Association**, in addition to the other rights set forth in this **Declaration** to suspend the voting rights of an **Owner** and the right to use any of the **Common Property** for any period during which any **Assessment** against the **Lot** of that **Owner** remains unpaid, and for any infraction by an **Owner** of the **Architectural Guidelines** after a hearing by the **Board of Directors** for the duration of the infraction and for an additional period not to exceed thirty days.

C. The right of the **Declarant** with regard to portions of **Craft Farms North, Phase One** which may be owned by the **Declarant** to grant easements in, on and over **Craft Farms North, Phase One** to any public agency, authority or utility. The right of the **Declarant** to dedicate or transfer all or any part of the **Common Area** to any public agency, authority or utility for such purposes and subject to such conditions as the **Declarant** shall deem appropriate without the consent or approval of the **Association** or any **Lot Owner**.

D. The right of the **Association** to borrow money for the purpose of improving the **Common Property**, or any portion of the **Common Property**, for acquiring additional **Common Property**, or for constructing, repairing or improving any facilities located or to be located on the **Common Property**, and to give as security for the payment of any such loan a **Mortgage** conveying all or any portion of the **Common Property**. **Provided, However**, the lien and encumbrance of any such **Mortgage** given by the **Association** shall be subject and subordinate to any and all rights, interests, options, easements and privileges reserved or established in this **Declaration** for the benefit of the **Declarant** or any **Owner**, or the holder of any **Mortgage**, irrespective of when executed, given by the **Declarant** or any **Owner** encumbering any **Lot** or other property located within **Craft Farms North, Phase One**.

E. Subject to the right of the **Declarant** to dedicate the **Common Area** to any public agency, authority or utility as provided for in this **Declaration**, the right of the **Association** to dedicate or transfer all or any part of the **Common Area** to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the **Members**. No such dedication or transfer by the **Association** shall be effective unless an instrument agreeing to such dedication or transfer has been approved: (i) by at least two-thirds of the votes of the **Members** of the **Association** which are present or represented by proxy and entitled to be cast at a meeting duly called for such purpose, and (ii) by the **Declarant** so long as the **Declarant** shall own any **Lots** or other property in the **Subdivision** which may be brought within the jurisdiction of the **Association** as provided for in this **Declaration**.

F. The parking of automobiles in the designated area within the **Common Area** is restricted to the **Owners** and guests, invitees and tenants of the **Owners** and shall not interfere with the rights of ingress and egress of the **Owner** of any particular **Lot**. The parking of automobiles may be regulated by the **Association**.

G. The right of the **Association** to adopt and promulgate reasonable rules, regulations and limitations, including but not limited to the **Architectural Guidelines**, pertaining to the use of **Craft Farms North, Phase One**, which, in the discretion of the **Association**, shall serve to promote the best interests of the **Owners** and residents in **Craft Farms North, Phase One**.

H. The right of the **Association** to maintain and repair any fence, sign or other improvement that may be located in the **Common Area**.

I. The right of the **Association** to enter into a contract for the provision of telecommunication services and other utility services.

Section 3.02. Delegation of Use. Any **Owner** may delegate, in accordance with the **By-Laws** and subject to reasonable rules, regulations and limitations, including but not limited to **Architectural Guidelines**, as may be adopted in accordance with this **Declaration**, the right of enjoyment of said **Owner** in the **Common Area** and facilities to the members of the family, tenants and social guests or contract purchasers of said **Owner** who reside on **Lots** in **Craft Farms North, Phase One**.

Section 3.03. Common Area and Private Easements. The **Common Area** and areas designated on the **Plat** as **Private Access Easements**, **Private Access and Utility Easements** or **Private Drainage and Utility Easements** are **NOT DONATED, DEDICATED OR GRANTED TO THE PUBLIC**, but shall be conveyed by the **Declarant**, subject to the rights reserved to the **Declarant** in this **Declaration** to dedicate or transfer any **Common Area**, **Private Access Easements**, **Private Access and Utility Easements** or **Private Drainage and Utility Easements** to any public agency, authority or utility, to the **Association** for use as **Common Property** for the benefit of the **Association**. The **Common Property** and the **Private Access Easements**, **Private Access and Utility Easements** or **Private Drainage and Utility Easements** shall be owned, used and maintained by the **Association**, subject to the rights reserved to the **Declarant**, and neither the recording of the **Plat** nor any other act of the **Declarant** shall be construed as a dedication of the **Private Access Easements**, **Private Access and Utility Easements** or **Private Drainage and Utility Easements** to the public unless said dedication is specifically provided by separate instrument. The rights-of-way being reserved by the **Declarant** will not be conveyed to the **Association** as **Common Area**.

Section 3.04. Drainage Easements. Except with prior written permission from the **Declarant**, or (when so designated by the **Declarant**) from the **Architectural Committee**, drainage flow shall not be obstructed nor be diverted from drainage swales, storm sewers and/or utility easements as designated in this **Declaration**, or as may hereafter appear on any **Plat** of record in which reference is made to this **Declaration**. The **Declarant** may cut drain ways for surface water wherever and whenever such action may appear to the **Declarant** to be necessary in order to maintain reasonable standards of health, safety and appearance. **Provided, However**, the right of the **Declarant** to cut drain ways on a **Lot** of an **Owner** shall terminate when the principal structure and approved landscaping on such property have been completed. 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 installment and to maintain reasonable standards of health and appearance. The provisions in this **Declaration** shall not be construed to impose any obligation upon the **Declarant** to cut such drain ways. The **Association** shall be responsible for maintaining all drainage structures and lakes and vegetation ponds located within **Craft Farms North, a Subdivision**.

Section 3.05. Grading. The **Declarant** may at any time make such cuts and fills upon any **Lot** or other part of **Craft Farms North, Phase One** and do such grading and moving of earth as, in the judgment of the **Declarant**, may be necessary to improve or maintain the access areas or roads in or adjacent to **Craft Farms North, Phase One** and to drain surface waters from **Craft Farms North, Phase One**; and may assign such rights to the appropriate governmental authority. **Provided, However**, that after plans for the principal structure upon a **Lot** shall have been approved by the **Architectural Committee** as provided in this **Declaration**, the rights of the **Declarant** under this **Section 3.05**, shall terminate with respect to all parts of such **Lot** other than the easement area on the **Lot**, except that the **Declarant** or any such municipal or public authority shall have the right to maintain existing roads and drainage structures.

Section 3.06. Easements for Utility. There is reserved to the **Association** blanket easements upon, across, above and under **Craft Farms North, Phase One** for access, ingress, egress, installation, repairing, replacing and maintaining all utilities serving **Craft Farms North, Phase One**, including but not limited to gas, water, sanitary sewer, telephone, cable television, internet services and electricity, as well as storm drainage and any other service which the **Association** might decide to install to serve **Craft Farms North, Phase One**. It shall be expressly permissible for the **Association** or the designee of the **Association**, as the case may be, to install, repair, replace and maintain or to authorize the installation, repair, replacement

and maintenance of such wires, conduits, cables and other equipment relating to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the **Board of Directors** shall have the right to grant such easement.

Section 3.07. Easement for Governmental, Health, Sanitation and Emergency Services. There is granted to the appropriate governmental authorities and to the appropriate private organizations supplying health, sanitation, police services and any emergency services such as fire, ambulance and rescue services, a nonexclusive easement, for purposes of ingress and egress over the **Common Area**. In furtherance of the foregoing, the **Association** shall save harmless the appropriate governmental authority from damages to any **Person** arising out of the use of the **Common Area** by said governing authority for the uses which are stated in this **Section 3.07.**

Section 3.08. Reserved Easement to the Declarant. Notwithstanding any provisions contained in this **Declaration** to the contrary, the **Declarant** expressly reserves unto the **Declarant**, and the successors and assigns of the **Declarant**, a nonexclusive, perpetual right, privilege and blanket easement with respect to **Craft Farms North, Phase One** and the **Common Area** for the benefit of the **Declarant**, and successors and assigns of the **Declarant**, over, under, in and/or on **Craft Farms North, Phase One** or the **Common Property**, without further obligation and without charge to the **Declarant**, for the purposes of construction, installation, relocation, development, sale, maintenance, repair, replacement, use and enjoyment and/or otherwise dealing with **Craft Farms North, Phase One** or the **Common Property**. The reserved easement shall constitute a burden on the title to **Craft Farms North, Phase One** and the **Common Property** and specifically includes but is not limited to:

A. The right of access, ingress and egress for vehicular and pedestrian traffic over, under, on, or in **Craft Farms North, Phase One** and the **Common Property**; and the right to tie into any portion of **Craft Farms North, Phase One** or the **Common Property** with driveways, parking areas and walkways; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, cable television, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over **Craft Farms North, Phase One** or the **Common Property**.

B. The right to construct, install, replace, relocate, maintain, repair, use and enjoy signs, model residences, sales offices, construction offices and business offices as, in the sole opinion of the **Declarant**, may be required, convenient, or incidental to the construction and sale by the **Declarant** of the improvements in **Craft Farms North, Phase One** or the **Common Property** or the **Additional Property**.

C. No rights, privileges and easements granted or reserved in this **Declaration** shall be merged into the title of any property, including, without limitation, **Craft Farms North, Phase One** or the **Common Property**, but shall be held independent of such title, and no such right, privilege or easement shall be surrendered, conveyed, or released unless and until and except by delivery of a quitclaim deed from the **Declarant** releasing such right, privilege or easement by express reference thereto.

D. The right of the **Declarant** in the sole judgment of the **Declarant**, without the approval or consent of the **Association** or any **Lot Owner**, to use the **Common Area** to provide access to other property located in **Craft Farms North, Phase One** or other property located outside of **Craft Farms North, Phase One**, to dedicate all or any of the **Common Area** to any public agency and to retain an easement for ingress and egress to serve **Craft Farms North, Phase One** or property outside **Craft Farms North, Phase One**.

E. The right of the **Declarant** to add **Additional Property** pursuant to this **Declaration**.

F. Notwithstanding any other provision in this **Declaration**, the **Declarant** is irrevocably empowered to sell, lease, or rent **Lots** on any terms to any purchasers or lessees for as long as the **Declarant** owns a **Lot**.

So long as the **Declarant** continues to have rights under this **Section 3.08.**, no **Person** or

entity shall record any declaration of covenants, conditions and restrictions or similar instrument affecting any portion of **Craft Farms North, Phase One** or the **Common Property** without the review by the **Declarant** and written consent thereto, and any attempted recordation without compliance with this **Declaration** shall result in such declaration of covenants, conditions and restrictions or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the **Declarant**.

This **Section 3.08** may not be amended without the express written consent of the **Declarant**. **Provided, However**, the rights contained in this **Section 3.08** shall terminate upon the earlier of (a) the date on which the **Declarant** no longer owns any **Lot** or any other property in the **Subdivision** which may be brought within the jurisdiction of the **Association** as provided for in this **Declaration**, or (b) upon recording by the **Declarant** of a written statement releasing the rights of the **Declarant** under this **Section 3.08**.

Article IV

Architectural Committee; Architectural Control

Section 4.01. Architectural Committee. The **Architectural Committee** (the "**Architectural Committee**") shall be composed of at least three individuals designated and redesignated from time to time (i) by the **Declarant** so long as the **Declarant** owns any **Lot** or any property in the **Subdivision** which may be brought within the jurisdiction of the **Association** as provided for in this **Declaration** or until the **Declarant** releases the right if the **Declarant** elects to do so prior to the sale of all **Lots** in **Craft Farms North, Phase One**, and (ii) by the **Association** thereafter. Delegation of control of the **Architectural Committee** from the **Declarant** to the **Association** shall be evidenced by an instrument signed by the **Declarant** and filed for record in the **Probate Records of Baldwin County, Alabama**.

Except as provided in this **Declaration**, the affirmative vote of a **Majority** of the membership of the **Architectural Committee** shall be required in order to approve any plans and specifications submitted under this **Article IV**.

Section 4.02. Architectural Guidelines. The **Declarant** may prepare the initial **Architectural Guidelines**, which may contain general provisions applicable to **Craft Farms North, Phase One** as well as specific provisions which may vary from **Lot** to **Lot**. The **Architectural Guidelines** are intended to provide guidance to the **Owners** and builders regarding matters of particular concern to the **Architectural Committee** in considering applications. The **Architectural Guidelines** are not the exclusive basis for decisions of the **Architectural Committee** and compliance with the **Architectural Guidelines** does not guarantee approval of any application.

The **Declarant** shall have sole and full authority to amend the **Architectural Guidelines** as long as the **Declarant** owns any **Lot** in **Craft Farms North, Phase One**, notwithstanding a delegation of reviewing authority to the **Architectural Committee**, unless the **Declarant** also delegates the power to amend the **Architectural Guidelines**. Upon termination or delegation of the right of the **Declarant** to amend, the **Architectural Committee** shall have the authority to amend the **Architectural Guidelines** with the consent of the **Board of Directors**.

Any amendments to the **Architectural Guidelines** shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the **Architectural Guidelines** and such amendments may remove requirements previously imposed or otherwise make the **Architectural Guidelines** less restrictive.

The **Architectural Committee** shall make the **Architectural Guidelines** available to the **Owners** and builders who seek to engage in development or construction within **Craft Farms North, Phase One**. In the discretion of the **Declarant**, such **Architectural Guidelines** may be recorded in the **Office of the Judge of Probate of Baldwin County, Alabama**, in which event the recorded version, as the recorded version may unilaterally be amended from time to time, shall control in the event of any dispute as to which

version of the **Architectural Guidelines** was in effect at any particular time.

Section 4.03. Procedures. Except as otherwise specifically provided in the **Architectural Guidelines**, no activities shall commence on any portion of **Craft Farms North, Phase One** until an application for approval has been submitted to and approved by the **Architectural Committee**. **Provided, However,** prior to submission by an **Owner** of an application for approval by the **Architectural Committee**, the **Owner** shall submit a site plan sketch of the real property and the proposed improvements and the elevation of the proposed improvements for review by the **Architectural Committee**. Upon approval by the **Architectural Committee** of the preliminary items required in this **Section 4.03**, the **Owner** shall proceed to present a full application for approval by the **Architectural Committee** of the real property and improvements as proposed by the **Owner**. Such application shall include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation and other features of proposed construction, as applicable. The **Architectural Committee** may require the submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the **Architectural Committee** may consider any factors the **Architectural Committee** deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each **Owner** acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The **Architectural Committee** shall have the sole discretion to make final, conclusive and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth in this **Declaration**.

The **Architectural Committee** shall make a determination on each application within thirty days after receipt of a completed application and all required information. The **Architectural Committee** may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

Until expiration of the rights of the **Declarant** under this **Declaration**, the **Architectural Committee** shall notify the **Declarant** in writing within three business days after the **Architectural Committee** has approved any application within the scope of matters delegated to the **Architectural Committee** by the **Declarant**. The notice shall be accompanied by a copy of the application and any additional information which the **Declarant** may require. The **Declarant** shall have ten days after receipt of such notice to veto any such action, in the sole discretion of the **Declarant**, by written notice to the **Architectural Committee**.

The **Architectural Committee** shall notify the applicant in writing of the final determination on any application within five days thereafter or, with respect to any determination by the **Architectural Committee** subject to the right of the **Declarant** to veto, within five days after the earlier of: (i) receipt of notice of the veto by the **Declarant** or the waiver of **Declarant**; or (ii) expiration of the ten day period for exercise of the veto of the **Declarant**. In the case of disapproval, the **Architectural Committee** may, but shall not be obligated to, specify the reasons for any objections and/or suggestions for curing any objections.

In the event that the **Architectural Committee** fails to respond in a timely manner, approval shall be deemed to have been given, subject to the right of the **Declarant** to veto pursuant to this **Declaration**. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the **United States Postal Service**. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the **Owner** to reapply for approval before commencing any activities. Once construction is commenced, construction shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the **Architectural Committee** grants an extension in writing, which the **Architectural Committee** shall not be obligated to do. If approved

work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the **Association**, the **Declarant** or any aggrieved **Owner**.

The **Architectural Committee** may, by resolution, exempt certain activities from the application and approval requirements of this **Article IV**, provided such activities are undertaken in strict compliance with the requirements of such resolution.

Section 4.04. No Waiver of Future Approvals. Each **Owner** acknowledges that the **Persons** reviewing applications under this **Article IV** will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the **Architectural Guidelines**, may vary accordingly. In addition, each **Owner** acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the **Architectural Committee** may refuse to approve similar proposals in the future. Approval of applications or plans or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans or other matters subsequently or additionally submitted for approval.

Section 4.05. Variances. The **Architectural Committee** may authorize variances from compliance with any of the guidelines and procedures of the **Architectural Committee** when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this **Declaration**; or (c) preclude the **Architectural Committee** from denying a variance in other circumstances. For purposes of this **Declaration**, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

Section 4.06. Retention of Copy of Plans. Upon approval by the **Architectural Committee** of any plans and specifications submitted pursuant to this **Declaration**, a copy of such plans and specifications, as approved, shall be deposited for record with the **Architectural Committee**. The **Architectural Committee** shall not be obligated to retain such plans and specifications in the files of the **Architectural Committee** for any particular period of time.

Section 4.07. Rules of Architectural Committee; Effect of Approval and Disapproval; Time for Approval. In addition to the **Architectural Guidelines** promulgated from time to time by the **Board of Directors** of the **Association** as provided for in this **Declaration**, the **Architectural Committee** may promulgate rules governing the form and content of plans to be submitted for approval or requiring specific improvements on **Lots**, including, without limitation, exterior lighting, mandatory planting of certain plants and trees and mandatory installation of sidewalks, and may issue statements of policy with respect to approval or disapproval of the architectural styles or details, or other matters, which may be presented for approval. Such rules and such statements of policy may be amended or revoked by the **Architectural Committee** at any time, and no inclusion in, omission from or amendment of any such rule or statement shall be deemed to bind the **Architectural Committee** to approve or disapprove any feature or matter subject to approval, or to waive the exercise of **Architectural Committee** discretion as to any such matter, but no change of policy shall affect the finality of any approval granted prior to such change. Approval for use on any **Lot** of any plans or specifications shall not be deemed a waiver of the right of the **Architectural Committee**, in the discretion of the **Architectural Committee**, to disapprove such plans or specifications or any of the features or elements included in said plans or specifications, if such plans, specifications, features or elements are subsequently submitted for use on any other **Lot** or **Lots**. Approval of any such plans and specifications relating to any **Lot**, however, shall be final as to that **Lot** and such approval may not be revoked or rescinded, provided, (i) that the structure or uses shown or described on or in such plans and specifications do not violate any specific prohibition contained in this **Declaration**, and (ii) that the plans and specifications, as approved, and any condition attached to any such approval, have been adhered to and complied with in regard to all structures on and uses of the **Lot** in question.

Section 4.08. Certificate of Compliance. Upon completion of the construction or alteration of any structure in accordance with plans and specification or alteration of any structure in accordance with plans and specifications approved by the **Architectural Committee**, the **Architectural Committee** shall, upon written request of said **Owner** issue a certificate of compliance in form suitable for recordation, identifying such structure and the **Lot** on which such structure is placed, and stating that the plans and specifications, the location of such structure and the use or uses to be conducted thereon have been approved and that such structure complies with the requirements of the **Architectural Committee**. Preparation and recording of such certificate shall be at the expense of said **Owner**. Any certificate of compliance issued in accordance with the provisions of this **Section 4.08**, shall be prima facie evidence of the facts stated, and as to any purchaser or encumbrancer in good faith and for value, or as to any title insurer, such certificate shall be conclusive evidence that, as of the date of the certificate, all structures on the **Lot**, and the use or uses described therein comply with all the requirements of this **Article IV**, and with all other requirements of this **Declaration** as to which the **Architectural Committee** exercises any discretionary or interpretive powers.

Section 4.09. Inspection and Testing Rights. Any agent of the **Declarant**, the **Association** or the **Architectural Committee** may at any reasonable time or times enter upon and inspect any **Lot** and any improvements on said **Lot** for the purpose of ascertaining whether the maintenance of such **Lot** and the maintenance, construction, or alteration of the structures on said **Lot** are in compliance with the provisions of this **Declaration**; and neither the **Declarant**, the **Association** nor the **Architectural Committee** nor any such agent shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection. Any such inspection shall be for the sole purpose of determining compliance with this **Declaration**, and neither the making of any such inspection, nor the failure to make any such inspection, shall be relied upon by the **Owner** of a **Lot** or any third **Person** or entities for any purpose whatsoever; nor shall any such inspection obligate the **Declarant**, the **Association** or the **Architectural Committee** to take any particular action based on the inspection.

Section 4.10. Waiver of Liability. Neither the **Architectural Committee** nor any architect nor agent of the **Architectural Committee**, nor the **Association**, nor the **Declarant**, nor any agent or employee of the foregoing, shall be responsible in any way for any failure of structures to comply with requirements of this **Declaration**, although a certificate of compliance has been issued, nor for any defects in any plans and specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications, and any **Person** relying thereon or benefitting therefrom agrees not to sue or claim against the entities and **Person** referred to in this **Section 4.10**, for any cause arising out of the matters referred to in this **Section 4.10**, and further agrees to and does release said entities and **Person** for any and every such cause.

Section 4.11. Owner Obligations. If the **Owner** should fail to faithfully execute the plans and specifications submitted to and approved by the **Architectural Committee**, the **Association** shall have the right to enter into a contract with a third party for the execution of the plans and specifications as approved, and the cost thereof shall be a binding, personal obligation of the **Owner** when billed by the **Association** as well as a lien upon the **Lot** in question. The lien provided in this **Section 4.11**, shall have the same enforceability and priority as the lien provided for in **Article X** of this **Declaration**.

Article V

Zoning and Specific Restrictions

This **Declaration** shall not be taken as permitting any action or thing prohibited by the applicable laws, or the laws, rules or regulations of any governmental authority, including but not limited to subdivision regulations, zoning ordinances and historical districts, or by specific covenants or restrictions imposed by any **Deed** or lease. In the event of any conflict, the most restrictive provision of such laws, rules, regulations,

Deeds, leases, covenants, restrictions or this **Declaration** shall be taken to govern and control. **Craft Farms North, Phase One** is subject to the following additional matters of record:

Drainage overflow easement from **Raymond C. Roberts, et al** to **J. G. Van Lierop** and **E. C. Van Lierop**, dated **August 31, 1963** and recorded in **Deed Book 336, Page 119**.

Reservation of $\frac{1}{2}$ interest in and to all oil, gas, and minerals and rights in connection therewith as contained in deed from **Raymond C. Roberts** and **Ruby Roberts** to **H. D. Grantham** and **Donald Grantham** dated **July 9, 1965** and recorded in **Deed Book 359, Page 144**.

Reservation of $\frac{3}{4}$ interest in and to all oil, gas, and minerals and rights in connection therewith as contained in deed from **Donald Grantham** and **Mattie E. Grantham**, individually and doing business as **Grantham's Bar G Farm** to **R. C. Craft, Jr.** and **Robert S. Craft**, individually and doing business as **R. C. Craft Farms**, dated **May 29, 1984** and recorded in **Real Property Book 178, Page 1845**.

Oil, gas, and mineral lease from **Donald R. Grantham** and **Mattie D. Grantham** to **Carl D. Doebling**, dated **August 3, 1973** and recorded in **Deed Book 451, Page 154**.

Oil, gas and mineral lease from **Raymond C. Roberts**, **Ruby P. Roberts**, **Donald R. Grantham** and **Mattie D. Grantham** to **Carl D. Doebling**, dated **January 20, 1975** and recorded in **Deed Book 467, Page 702**.

Oil, gas, and mineral lease from **Robert B. Grantham, et al**, to **Amerada Hess Corporation**, dated **August 19, 1976** and recorded in **Deed Book 501, Page 785**.

Transfer of **Royalty** interest from **A. B. Case** and **Willella Case** to **Tolbert M. Brantley** and **Harry J. Wilters, Jr.** dated **October 14, 1958** and recorded in **Deed Book 324, Page 483**.

Reservation of all interest in and to all oil, gas, and minerals and rights in connection therewith as contained in **Deed Book 391, Page 955, Deed Book 392, Page 352, Deed Book 410, Page 265, and Real Property Book 178, Page 1842**.

Reservation of $\frac{3}{4}$ interest in and to all oil, gas, and minerals and rights in connection therewith as contained in deed from **R. C. Craft** and **Robert S. Craft**, doing business as **R. C. Craft Farms**, now known as **Craft Turf Farms** to **Turf Properties #2, LLC**, dated **September 25, 2000**, and recorded as **Instrument Number 565671**.

Dirt trails, and other matters as shown on plat of survey by **C. Michael Arnold, Engineering Development Services, LLC**, dated **May 7, 2002, Project Number 040338**.

The terms and conditions of that certain **Easement Agreement**, by and among the **Grantee**, the **Grantors** and **Craft Development Corporation, an Alabama Corporation**, and which has been joined in by **Colonial Bank, N.A.** for certain limited purposes, dated **July 6, 2004** and recorded as **Instrument Number 823573** in the **Office of the Judge of Probate of Baldwin County, Alabama**.

Declaration of Restrictive Covenants by **Craft Farms Land Development, LLC** dated **October 26, 2004** and recorded **November 1, 2004** as **Instrument Number 849720, Pages 1 through 5**.

Terms and conditions of **Conduit Lease Agreement** dated **August 12, 2005** by and between **Craft Farms Land Development, LLC**, as landlord and **DSSI, LLC**, as tenant.

Article VI

Site Development

Section 6.01. Site to Be Staked Prior to Tree Cutting. Simultaneously with the submittal of the plans and specifications to the **Architectural Committee** as provided for in **Article IV** of this **Declaration** the improvements for the site of the structure must be staked, the trees must be flagged and such site approved by the **Architectural Committee** before tree cutting is done. No tree may be cut or removed without consent of the **Architectural Committee** until the building plans, site plans, landscape plans and site staking are approved by the **Architectural Committee**. The **Owner** must faithfully execute the building plans, site plans, landscape plans and site staking as submitted to and approved by the **Architectural Committee**.

Section 6.02. Erosion Control. Erosion control measures shall be taken by the **Owner** of a **Lot**, and the contractors of said **Owner**, to protect adjacent properties during construction on such **Lot** and until the soil is stabilized on the **Lot**. This may be accomplished by the use of temporary retention ponds, silt fencing, hay bails or other protective measures intended to intercept and filter the excess storm water runoff from the **Lot**. All erosion control measures, including slope stabilization, must be specified on the grading plan and must be approved by the **Architectural Committee** prior to commencement of grading activities.

Any storm water retention ponds created during construction on a **Lot** shall not remain as permanent ponds after completion of construction unless so provided in the grading, site and landscaping plans submitted to and approved by the **Architectural Committee**.

If any portion of **Craft Farms North, Phase One** is located within an area designated as "flood prone" pursuant to **Federal** law and regulations, all improvements constructed in said flood prone area must be constructed in accordance with all **Federal**, state and local laws and regulations pertaining to flood prone areas. Certain **Lots** in **Craft Farms North, Phase One** have minimum building elevation requirements as are shown on the **Plat**.

Section 6.03. Utility Lines and Appurtenances. All gas, water, sewer, telephone, television cable and electrical feeder and service lines shall be installed as underground service unless otherwise approved by the **Architectural Committee**. All transformer boxes, meters or other such fixtures shall be adequately screened with plants or other materials approved by the **Architectural Committee**.

Section 6.04. Connection Points for Utility Service Lines. To the extent of the interests of the **Owner** of each **Lot**, each **Owner** agrees to connect utility service lines (including, but not limited to, gas, water, sewer, telephone, television cable and electricity) at points designated by the **Architectural Committee**.

Section 6.05. Landscaping. The landscape plan must be approved by the **Architectural Committee** prior to any site disturbance. The landscape plan shall indicate the proposed type, location, size and quantity of all plant materials to be planted on the **Lot**. The landscape plan shall include provision for an underground sprinkler system which is approved by the **Architectural Committee**. Planting material size must meet the following minimum requirements: one (1) gallon groundcovers, three (3) gallon shrubs and ten (10) foot tall trees. Each **Owner** of a **Lot** shall be responsible for planting the required street trees in accordance with the sidewalk and street tree layout plan approved by the **Architectural Committee**. Each **Owner** of **Lots 50** through **67** shall be responsible for maintaining the yard to the edge of the lake. No new landscaping over forty-two (42) inches in height is allowed beyond the building setbacks on the side(s) of **Lots** that face a lake or the golf course.

Section 6.06. Colors; Architectural Styles. All exterior building materials and colors must be approved by the **Architectural Committee**. Excessively bright colors or objectionable noticeable colors are prohibited. All architecture must be compatible with the atmosphere of **Craft Farms North, Phase One** and with surrounding buildings within **Craft Farms North, Phase One**. No unfinished foundation walls or exposed concrete block shall be allowed on the exterior of any building. Vinyl and aluminum siding shall not be allowed on the exterior of any building. No more than **two (2)** exterior finish materials may be used on the

improvements for any **Lot** in **Craft Farms North, Phase One**. On any corner **Lot**, the elevation of the improvements facing the side street must use the same architectural detail and quality of design as the design of the elevation of the improvements facing the front street, including all required landscaping and no air conditioning units or utility meters shall be placed on the yard between the improvements and the side street.

Section 6.07. Exterior Lighting. Exterior lighting plans must be set forth on the architectural or landscape plans for a **Lot**, and must be approved by the **Architectural Committee**. No exterior lighting fixture (other than fixtures approved by the **Architectural Committee**) shall be installed within or upon any **Lot** without adequate and proper shielding of the fixture. No lighting fixture shall be installed that may become an annoyance or a nuisance to **Owners** or occupants of adjacent properties. All modifications to exterior lighting must be approved in writing by the **Architectural Committee** in advance as provided for in this **Declaration**. No flood lights or security lights shall be allowed on any **Lot**. No lights shall be attached to the soffits of any improvements on the **Lot** unless the lights are recessed.

Article VII

General Covenants and Restrictions

The **Association** is empowered to enforce the following covenants and restrictions which shall pertain to **Craft Farms North, Phase One** and to set forth policy as to enforcement of said this **Declaration** in accordance with this **Declaration** and the **By-Laws**.

Section 7.01. Permitted Uses and Structures. All **Lots** which are part of **Craft Farms North, Phase One** are declared to be residential **Lots**, and no **Lot** shall be used except for single-family residential purposes. No building or structure shall be constructed, erected, altered, placed, remodeled, reconstructed, added to, or permitted to remain on any **Lot** other than a single-family dwelling not to exceed **thirty-five (35)** feet in height above the natural grade of the **Lot**. No previously approved structure shall be used for any purpose other than that for which said approved structure was originally designed. The elevation of the first floor (living area) of any dwelling or improvement may not exceed the height approved by the **Architectural Committee**. No foundation or footing may be constructed of exposed wooden pilings, poles or concrete block. Any detached structures constructed on the **Lot** must have previous written approval by the **Association** and must use the same architectural style and materials as are used in construction of the principal residence on the **Lot**.

Section 7.02. Business Use. Except as provided in this **Declaration**, no trade or business may be conducted in or from any **Lot**. Notwithstanding the above, the leasing of a **Lot** for residential purposes shall not be considered a trade or business within the meaning of this **Section 7.02.**

Section 7.03. Leasing. **Lots** may be leased for residential purposes. **Provided, However,** all leases shall be for a minimum term of **six (6) months**, and such lease and the rights of any tenants are made expressly subject to the power of the **Association** to prescribe reasonable **Architectural Guidelines** relating to the lease and rental of **Lots** and to enforce the same directly against such tenant or other occupant by the exercise of such remedies as the **Board of Directors** deems appropriate, including eviction. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of this **Declaration**, the **By-Laws**, use restrictions, and the **Architectural Guidelines**. The lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the **Board of Directors**, in addition to any other remedies available to the **Board of Directors**, may evict the tenant on behalf of the **Owner** and specifically assess all costs associated therewith against the **Owner** and the **Lot** of the **Owner**.

Section 7.04. Minimum Dwelling Area. The livable area (heated and cooled areas) of the main building or structure, exclusive of open porches and garages, shall be as follows:

- Lots 1 through 29** - not less than **1,800** square feet;
- Lots 30 through 67** - not less than **2,400** square feet; and
- Lots 68 through 106** - not less than **2,800** square feet.

Section 7.05. Minimum Building Setback Lines. No building or structure located on any Lot shall be constructed, erected, altered, placed, remodeled, reconstructed, added to or allowed to remain on any Lot so as to be located any nearer to any property boundary line than the setback lines shown on the recorded Plat but the **Architectural Committee**, in the sole discretion of the **Architectural Committee**, shall have the power to grant exceptions. All setbacks shall comply with all applicable subdivision and zoning regulations.

Section 7.06. Subdivision of Lot and Time Sharing. No Lot shall be split, divided, or subdivided or the boundary lines of the Lot changed except with the prior written approval of the **Board of Directors** of the **Association**. The **Board of Directors** may permit a division in ownership of any Lot intended for a single family detached residence as shown on the Plat, but solely for the purpose of increasing the size of the adjacent Lots. In the event of a division of any Lot, the **Owners** among whom the ownership is divided shall be treated as co-owners of the divided Lot for purposes of voting and shall be jointly and severally liable for all **Assessments** under this **Declaration** against the Lot. The **Declarant** expressly reserves the right to replat any Lot or Lots owned by the **Declarant**. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Lot shall be made subject to any kind of time-share program, interval ownership, or similar program whereby the right to exclusive use of the Lot rotates among multiple **Owners** or **Members** of the program on a fixed or floating time schedule over a period of years.

Section 7.07. Adjoining Lot Ownership. For the purposes of this **Declaration**, any **Owner** having two (2) or more adjoining Lots may treat, use and build on them as though they were one (1) after making written application and receiving written approval by the **Board of Directors**. Said approval shall be recorded and operate as an amendment to this **Declaration**. The rights granted by this **Section 7.07**, are subject to the easements, if any, granted to others and any applicable subdivision and zoning regulations. If two (2) or more adjoining Lots are combined pursuant to this **Section 7.07**, dues and assessments will be still be levied by the **Association** for each original Lot as if they were still separate Lots.

Section 7.08. Use of the Common Area, Private Access Easement, Private Access and Utility Easements or Private Drainage and Utility Easements. The **Association** shall have full control over the **Common Property, Private Access Easement, Private Access and Utility Easements or Private Drainage and Utility Easements** and may establish such **Architectural Guidelines** and conditions for the use of the **Common Property, Private Access Easement, Private Access and Utility Easements or Private Drainage and Utility Easements** as the **Association** may deem adequate or necessary and the **Association** shall have full power and authority to suspend or revoke the privilege and license of any such **Owner**, and any member of the household of said **Owner** or any of the guests, tenants, or invitees of said **Owner** from using the **Common Property, Private Access Easement, Private Access and Utility Easements or Private Drainage and Utility Easements**, should any such party, while on the **Common Property, Private Access Easement, Private Access and Utility Easements or Private Drainage and Utility Easements** conduct himself or herself in such a manner as to warrant such action in the sole discretion of the **Majority** of the **Board of Directors**. **Provided, However**, nothing in this **Declaration** shall be construed to allow the **Association** to prohibit any Lot **Owner** from ingress and egress to and from the Lot of said **Owner**.

Under no circumstances may any motorized vehicle, all-terrain vehicle, three-wheeler, four-wheeler, motor cycle or any other motorized vehicle of any nature be permitted within the **Common Area**. The provisions of this **Section 7.08**, may be waived, altered or amended by the **Association**.

Section 7.09. Parking and Vehicular Restrictions. Parking in or on **Craft Farms North, Phase One** or the **Common Property** shall be restricted as provided in this **Declaration**, the **By-Laws** or **Architectural Guidelines** of the **Association**.

Any vehicle other than an automobile (for these purposes defined as a passenger vehicle with four (4) wheels used for every day passenger transportation) kept on a Lot must be completely screened by a solid fence from the street and adjacent properties. No vehicle, camper, mobile home, motor home, house

trailer or trailer of any type, recreational vehicle, motorcycle, golf cart, scooter, go-cart, moped, boat or other water craft, boat trailer, van, bus, automobile, or any other transportation device of any kind shall be permitted to be parked or to be stored at any place within **Craft Farms North, Phase One** or the **Common Property**, except in spaces for some or all of the above specifically designated by the **Association**. No **Owner** shall keep any vehicle on **Craft Farms North, Phase One** or the **Common Property** which is deemed a nuisance by the **Board of Directors**. No commercial vehicle shall be permitted to be parked or to be stored at any place within **Craft Farms North, Phase One** or the **Common Property** except in spaces designated by the **Association**. For the purposes of this **Section 7.09**, "commercial vehicle" shall mean those that are not designed and used for customary, personal/family purposes. The absence of commercial type lettering or graphics on a vehicle shall not be dispositive of whether said vehicle is a commercial vehicle. No **Owner** shall conduct repairs (except in an emergency) or restorations of any vehicle on or upon any portion of **Craft Farms North, Phase One** or the **Common Property**, except in an enclosed area with the doors to that area closed at all times. The prohibitions on parking contained in this **Section 7.09**, shall not apply to temporary parking of vehicles such as for construction use or providing pick-up and delivery and other commercial services nor to any vehicles of the **Declarant**. Except as approved in writing by the **Association**, no overnight on-road parking or parking on lawns shall be permitted on any **Lot**.

Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained in this **Declaration** or in the **Architectural Guidelines** may be towed by the **Association** at the sole expense of the owner of the vehicle if the vehicle remains in violation for a period of **twenty-four (24) hours** from the time a notice of violation is placed on the vehicle. The **Association** shall not be liable to the owner of that vehicle for trespass, conversation, or otherwise, nor guilty of any criminal act, by reason of the towing, and once the notice is posted, neither the removal of said notice, nor failure of the owner to receive said notice, for any reason, shall be grounds for relief of any kind. An affidavit of the **Person** posting the aforesaid notice stating that the notice was properly posted shall be conclusive evidence of proper posting.

For the purposes of this **Section 7.09**, "vehicle" shall mean and refer to any device on wheels or runners for conveying **Persons**, property or objects.

Section 7.10. Driveways. Each **Owner** of a **Lot** shall be responsible for building a driveway, at the sole expense of said **Owner**. Driveways must be constructed of concrete or concrete pavers. Each driveway must be completed on or prior to the completion of the dwelling. All driveways must connect with the adjoining road and the parking area on the **Lot**. The location, design and construction of all driveways must be approved in writing by the **Architectural Committee** prior to construction. Each **Owner** of a **Lot** shall be responsible for building a concrete sidewalk at the sole expense of said **Owner** at the time of home construction. The required sidewalk shall run the entire width of the **Lot** which fronts on a public street. For corner **Lots**, the required sidewalk shall run the entire distance of any side of the **Lot** which abuts a public street. All required sidewalks shall be constructed in accordance with the sidewalk and street tree layout plan approved by the **Architectural Committee**.

Section 7.11. Preservation of Trees, Topography and Vegetation. No tree having a diameter of **six (6) inches** or more (measured from a point **forty-two (42) inches** above ground level) shall be removed from any **Lot** without the express written authorization of the **Architectural Committee**. If the **Association** shall deem appropriate, the **Architectural Committee** may mark certain trees, regardless of size, as not removable without written authorization. In carrying out the provisions of this **Section 7.11**, the **Declarant**, the **Association** and the **Architectural Committee** and the respective agents of each may come upon any **Lot** during reasonable hours for the purpose of inspecting or marking trees or in relation to the enforcement and administration of any **Architectural Guidelines** adopted and promulgated pursuant to the provisions this **Declaration**. Neither the **Association**, nor the **Architectural Committee**, nor the **Declarant**, nor their respective agents shall be deemed to have committed a trespass or wrongful act by reason of any such entry or inspection.

Section 7.12. Accumulation of Refuse or Noxious Activity. No lumber, metals or bulk materials (except lumber, metals and bulk materials as is usual in the maintenance of a private residence and which must be stored in such a manner so that it cannot be seen from adjacent and surrounding property), refuse

or trash shall be kept, stored, or allowed to accumulate on any **Lot**, except building materials during the course of construction of any approved structure. No harmful or noxious materials shall be stored, either inside any structure, or outside any structure, if said materials pose any significant threat to public health and safety or to individuals employed or living within or in proximity to such structures. If trash or other refuse is to be disposed of by being picked up and carried away on a regular and recurring basis, approved containers may be placed in the open on any day a pick-up is to be made. At all other times, trash and garbage containers shall be screened in such a manner so that they cannot be seen from adjacent and surrounding property, and as approved by the **Architectural Committee**. All trash and garbage containers shall be kept in a clean and sanitary condition. The **Architectural Committee**, in the discretion of the **Architectural Committee**, may adopt and promulgate reasonable **Architectural Guidelines** relating to the size, shape, color and type of containers permitted and the manner of storage and screening of the same on **Craft Farms North, Phase One**. During the period of construction on a **Lot**, an onsite portable dumpster is required for containing construction debris and it shall be the responsibility of the **Lot Owner** to remove all construction debris from the **Lot** on a regular and recurring basis.

No portion of **Craft Farms North, Phase One** shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept on any portion of **Craft Farms North, Phase One** that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious, illegal or offensive activity shall be carried on upon any portion of **Craft Farms North, Phase One** nor shall anything be done on **Craft Farms North, Phase One** tending to cause embarrassment, discomfort, annoyance, or nuisance to any **Person** using any portion of **Craft Farms North, Phase One**. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature that may diminish or destroy the enjoyment of **Craft Farms North, Phase One**. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within **Craft Farms North, Phase One**.

Section 7.13. Fences, Walls, Hedges and Ornamental Structures. No fence, wall, hedge, ornamental structure or gazebo shall be located or constructed on any **Lot** without the prior written approval of the **Architectural Committee**. No chain link fence may be constructed on any **Lot**. No dog runs or animal pens shall be permitted on any **Lot**. The **Association** shall have the right to enter upon any **Lot** and trim or prune, at the expense of the **Owner**, any hedge or other planting which in the opinion of the **Association**, by reason of the location upon the **Lot** or the height to which said planting is permitted to grow, is unreasonably detrimental to the adjoining property or obscures the view of road traffic or is unattractive in appearance. All **Lots** located at street intersections shall be landscaped to permit safe sight across the street corners. Fences taller than **six (6)** feet shall not be allowed on any **Lot**. Wood fences shall have posts exposed on the outside of the fence with the pickets recessed a minimum of **two (2)** inches from the face of the posts. Posts shall be a minimum of **4" x 4"** for spacings of **eight (8)** feet on center and **6" x 6"** for larger spacings. All posts shall have caps approved by the **Architectural Committee**. Other fences may be approved by the **Architectural Committee**. No fence, wall, hedge or other structure over **forty-two (42)** inches in height is allowed beyond the front building setback. No fence, wall, hedge or other structure over **forty-two (42)** inches in height is allowed beyond the building setbacks on the side(s) of **Lots** that face a lake. No structures are allowed along the lake perimeter and golf course perimeter. No fence or wall is allowed on the **Lots** that face the golf course. A hedge is allowed on the **Lots** which face the golf course, provided however, said hedge shall not be greater than **forty-two (42)** inches in height.

Section 7.14. Mail or Newspaper Boxes. The design and location of all mailboxes and newspaper boxes shall be designated by the **Architectural Committee**.

Section 7.15. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on any **Lot** or on the exterior of any portion of any improvement on **Craft Farms North, Phase One**. Exterior sculpture, fountains, flags and similar items must be approved by the **Architectural Committee**. **Provided, However**, that nothing contained in this **Declaration** shall prohibit the appropriate display of the **American flag**.

Section 7.16. Animals and Pets. No animals, wildlife, livestock, insects, reptiles or poultry of any kind shall be raised, bred, harbored or kept on any **Lot** except that the **Owner** may keep domesticated household pets. No such pets shall be kept for any commercial purpose, and any such pets may be kept only so long as they or any of them do not become an annoyance or nuisance to the neighborhood. All pets, at

all times when they are outside a residence, must be confined on a leash held by a responsible **Person** and kept under the close supervision of their owners. Pets shall only be permitted in the **Common Area** if portions thereof are so designated by the **Association**. All **Persons** bringing a pet onto a **Common Area** shall be responsible for immediately removing any solid waste of said pet. Those pets which, in the sole discretion of the **Association**, endanger health, make objectionable noise or constitute a nuisance or inconvenience to the **Owners** of other **Lots** or the **Owner** of any portion of **Craft Farms North, Phase One** shall be removed upon request of the **Board of Directors**.

Section 7.17. Signs. No sign, billboard, advertisement or other advertising device of any nature shall be placed upon any **Lot** except as provided in this **Declaration**. The **Architectural Committee** may adopt and promulgate **Architectural Guidelines** relating to signs which may be employed. Signs and other advertising devices may be erected and maintained upon any portion of **Craft Farms North, Phase One**, if approved by the **Architectural Committee**, as to color, location, nature, size and other characteristics of such signs or devices. **Provided, However**, the **Declarant** specifically reserves the right for the **Declarant**, or the successors, nominees, assigns of the **Declarant**, and the **Association** to place and maintain signs in connection with constructing, marketing, selling and renting **Lots**, and the improvements located on the **Lot**, and identification and informational signs anywhere on **Craft Farms North, Phase One**.

Section 7.18. Temporary Structures. No temporary building, trailer, garage or building in the course of construction or other temporary structure shall be used, temporarily or permanently, as a residence or temporary housing or the like on any **Lot**. If approved by the **Architectural Committee**, such a structure may be used as a security station during construction or other special purpose.

Section 7.19. Pipes. To the extent of the interest of the **Owner** of a **Lot**, no water pipe, gas pipe, sewer pipe or drainage pipe shall be installed or maintained on any **Lot** above the surface of the ground.

Section 7.20. Wall and Window Air Conditioning Units. Wall and window air conditioning units shall not be permitted.

Section 7.21. Clothes Lines. No clothing or any other household fabric shall be hung in the open on any **Lot** and no clothes lines or clothes hanging devices shall be kept or maintained on any **Lot**.

Section 7.22. Chimneys. Exposed chimney flues shall be enclosed and contain wind screens at the top of all chimneys. Chimneys may only be constructed of stucco, brick or stone.

Section 7.23. Carports and Garages. All homes shall have enclosed garages with the capacity for at least **two (2)** automobiles. No garage shall open to a street, lake, golf course or **Common Area** unless approved in writing by the **Architectural Committee**.

Section 7.24. Play Equipment, Strollers, Etc. All bicycles, tricycles, scooters, skateboards and other play equipment, wading pools, baby strollers and similar items shall be stored so as not to be visible from roads or property adjacent to the **Lot**. No such items shall be allowed to remain on the **Common Area** or on **Lots** so as to be visible from adjacent property or the road when not in use. Notwithstanding the above, the **Board of Directors** may, but shall not be obligated to, permit swingsets and similar permanent playground equipment to be erected on **Lots** provided said equipment is approved by the **Architectural Committee**. No baseball cages or similar recreational facilities shall be permitted without approval of the **Architectural Committee**.

Section 7.25. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or energy conservation equipment shall be constructed or installed on any **Lot** unless said equipment is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the **Architectural Committee**. Under no circumstances shall solar panels be installed that will be visible from any road or **Common Area** in **Craft Farms North, Phase One**.

Section 7.26. Gas or Oil Tanks, Pools, Swimming Pool Equipment, Air Conditioning Units, Garbage Containers. All swimming pool equipment and housing, air-conditioning units and garbage

containers must be screened by walls or fences on all sides so that they are not visible and no such equipment or containers shall be located on the front facade of any building. No oil tanks or bottled gas tanks shall be allowed on any **Lot** or on the **Common Area**. **Provided, However**, up to two bottled propane gas tanks no larger than **five (5) gallons** in capacity may be kept on a **Lot** for the purpose of cooking with a gas grill and so long as said propane gas tank is within screened walls or fences on all sides so that said propane gas tank is not visible.

No above-ground pools shall be erected, constructed or installed on any **Lot** except that above-ground spas or jacuzzis may be permitted with approval of the **Architectural Committee**. Any in-ground pool to be constructed on any **Lot** shall be subjected to the requirements of the **Architectural Committee**, which include, but are not limited to, the following:

- A. Pool screen may not be visible from the road in front of the **Lot**.
- B. All pool enclosures shall be of a color in harmony with the structure. No raw aluminum color screen will be allowed. Screening shall be within the building setbacks.

Section 7.27. Outside Installations. Except as provided in this **Declaration**, no exterior antennas, aerials, satellite dishes, towers or other apparatus, or support for said apparatus, for the reception or transmission of television, radio or other signals of any kind shall be erected, installed, placed, allowed or maintained upon any portion of **Craft Farms North, Phase One**, except that:

- A. An antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is **one (1) meter** or less in diameter;
- B. An antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services and local multipoint distribution services, that is **one (1) meter** or less in diameter or diagonal measurement; or
- C. An antenna that is designed to receive television broadcast signals.

(collectively, the "**Permitted Antennas**")

The **Permitted Antennas** are subject to such reasonable **Rules and Regulations** as to location and screening as may be set forth by the **Board of Directors**, consistent with applicable law, in order to minimize obtrusiveness as viewed from roads and adjacent property. The **Declarant** and/or the **Association** shall have the right, without obligation, to erect an aerial, satellite dish or other apparatus for a master antenna, cable or other communication system for the benefit of all or a portion of **Craft Farms North, Phase One**, should any master system or systems be utilized by the **Association** and require such exterior apparatus.

No machinery or equipment shall be placed or operated upon any **Lot** except such machinery or equipment as is usual in maintenance of a private single-family residence. No roof penetrations, such as vents and pipes, shall be placed on any roof so as to be visible from any road or the **Common Area**. All roof penetrations must be painted to match the color of the roof.

Section 7.28. Irrigation. Irrigation systems are required to cover all areas of the **Lot** and must be installed underground and shall be subject to approval of the **Architectural Committee**. No sprinkler or irrigation system of any type that draws upon water from creeks, streams, rivers, lakes, ponds, wetlands, canals or other ground or surface waters within **Craft Farms North, Phase One** shall be installed, constructed or operated within **Craft Farms North, Phase One** by any **Person** other than the **Association** or the **Declarant**, or to be utilized by any group of **Lots**, unless prior written approval has been received from the **Architectural Committee**.

Section 7.29. Storm Precautions. No hurricane or storm shutters shall be permanently installed on any structure on a **Lot** unless first approved by the **Architectural Committee**. Hurricane or storm shutters may be installed temporarily, and other storm precautions may be taken to protect structures on a **Lot**, while the threat of a hurricane or similar storm is imminent; provided, all such shutters and other exterior alterations or additions made as a storm precaution shall be promptly removed once the storm or imminent threat of the storm has passed.

Section 7.30. Window Coverings, Etc. Reflective window coverings are prohibited. No awnings, canopies, shutters, patio cover, building or storage unit of any kind shall be erected, placed, or permanently installed on any **Lot** unless first approved by the **Architectural Committee**.

Section 7.31. Mineral Operations Prohibited. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind whatsoever shall be permitted upon any **Lot**, nor shall oil wells, derricks, tanks, tunnels, mineral excavations or shafts be erected or permitted to remain on any **Lot**. **Provided, However**, it is understood that this prohibition does not affect the rights of mineral owners or owners of any interest in minerals that may have been previously reserved or conveyed to others.

Section 7.32. Insurance Rates. Nothing shall be done or kept on any **Lot** or in any improvement or the **Common Area** which will increase the rate of insurance on any property insured by the **Association** without the approval of the **Board of Directors**, nor shall anything be done or kept on any **Lot** which would result in the cancellation of insurance on any property insured by the **Association** or which would be in violation of any law.

Section 7.33. Occupants Bound. All provisions of this **Declaration**, the **By-Laws** and of any **Architectural Guidelines** or use restrictions promulgated pursuant to this **Declaration** that govern the conduct of the **Owners** and that provide for sanctions against the **Owners** shall also apply to all occupants, guests and invitees of any **Lot**. Every **Owner** shall cause all occupants of the **Lot** of the **Owner** to comply with this **Declaration**, the **By-Laws** and the **Architectural Guidelines** adopted pursuant to this **Declaration** and shall be responsible for all violations and losses to **Craft Farms North, Phase One** caused by those occupants, notwithstanding the fact that those occupants of a **Lot** are fully liable and may be sanctioned for any violation of this **Declaration**, the **By-Laws** and **Architectural Guidelines** adopted pursuant to this **Declaration**.

Section 7.34. No Discrimination. No action shall at any time be taken by the **Declarant**, the **Association** or the **Board of Directors** which in any manner would discriminate against any **Owner** or **Owners** in favor of the other **Owners**.

Section 7.35 Disclosure. This **Declaration** and the restrictions, covenants and conditions contained in this **Declaration** shall apply only to the **Lots** and **Common Areas** shown on the recorded **Plat** and such other real property or **Additional Property** as the **Declarant** may submit to this **Declaration** by **Subsequent Amendment** as provided for in **Article XVI** of this **Declaration**.

Article VIII **Membership and Voting Rights**

Section 8.01. The Association. The operation and administration of **Craft Farms North, Phase One** shall be by the **Association of Owners**. The **Association** shall be a nonprofit **Alabama** corporation incorporated by **Articles of Incorporation** recorded in the **Office of the Judge of Probate of Baldwin County, Alabama**. The **Association** shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or nonexercise of the powers of the **Association**. The **Association** shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of **Owners of Craft Farms North, Phase One** with reference to the **Common Area** and the **Common Property** and with reference to any and all other matters in which all of the **Owners** have a common interest. The **Association** shall have all the powers and duties granted to or imposed on the **Association** under the

Articles of Incorporation and By-Laws and under this **Declaration** as they may be amended from time to time. The **Association** is specifically authorized to enter into agreements by which the powers and duties of the **Association**, or some of them, may be exercised or performed by some other **Person**. The **Association** shall have the right to grant permits, licenses and easements over the **Common Areas** for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of **Craft Farms North, Phase One**. The **Board of Directors** shall have the authority and duty to levy and enforce the collection of general and specific **Assessments** for **Common Expenses** and is further authorized to provide adequate remedies for failure to pay such **Assessments**.

Section 8.02. Membership. Every **Person** or entity who is the record **Owner** of a fee simple or undivided fee interest in any **Lot** that is subject to this **Declaration** shall be deemed to have a membership in the **Association**. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include **Persons** who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the membership of said **Owner**.

Section 8.03. Voting Rights. Except for the **Declarant**, no **Member** shall have any right to vote until the happening of either of the following events, which ever shall first occur:

A. Until the **Declarant** has completed and sold all of the **Lots** and any property which may be brought within the jurisdiction of the **Association** by **Subsequent Amendment** as provided in this **Declaration**; or

B. Until the **Declarant** elects to give up the exclusive right to vote.

During the period of time recited above in this **Section 8.03**, the **Declarant** shall be the only **Person** entitled to vote and the **Members** of the **Board of Directors** and **Architectural Committee** shall be appointed by the **Declarant**. During the period of time recited above in this **Section 8.03**, **Members** of the **Association** other than the **Declarant**, shall have no vote in the matters of the **Association**. Thereafter, each **Lot** shall be entitled to **one (1)** vote, which vote is not divisible. The vote shall be cast by the **Lot Owner** in the manner provided for in this **Declaration** and in the **By-Laws**.

The **Declarant** may make such use of **Craft Farms North, Phase One**, the unsold **Lots** and of the **Common Area** and facilities as may facilitate such completion and sale, including, but not limited to, showing of **Craft Farms North, Phase One**, the **Lots** and **Common Areas** and the display of signs.

Only voting **Members** shall be entitled to cast votes at **Association** meetings on matters pertaining to the **Association**, including the election of **Members** of the **Board of Directors**, amending this **Declaration**, the **Articles of Incorporation** and the **By-Laws** of the **Association**, and all other matters which may be brought before the **Association** membership except as otherwise provided in this **Declaration**. The right of an **Owner** to vote may be suspended by the **Association** as provided in this **Declaration**.

Section 8.04. Implied Rights. The **Association** may exercise any other right or privilege given to the **Association** expressly by this **Declaration** or the **By-Laws**, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the **Association** or reasonably necessary to effectuate any such right or privilege.

Section 8.05. Self-Help. In addition to any other remedies provided for in this **Declaration**, the **Association** or the duly authorized agent of the **Association** shall have power to enter upon a **Lot** or any portion of the **Common Property** to abate or remove, using such force as may be reasonably necessary, any improvement, thing, or condition which violates this **Declaration**, the **By-Laws**, the **Architectural Guidelines** or the use restrictions. Unless an emergency situation exists, the **Board of Directors** shall give the violating **Lot Owner** **ten (10) days'** written notice of the intent of the **Association** to exercise self-help. All costs of self-help including reasonable attorney's fees actually incurred shall be assessed against the violating **Lot Owner** and shall be collected as provided for in this **Declaration** for the collection of **Assessments**.

Section 8.06. Right of Entry. The **Association** shall have the right, in addition to and not in limitation of the rights the **Association** may have, to enter into **Lots** for emergency, security or safety purposes, which right may be exercised by the **Board of Directors**, all of the officers, agents, employees or managers of the **Board of Directors**, and all police officers, firefighters, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be during reasonable hours and after reasonable notice to the **Owner** or occupant of the **Lot**.

Section 8.07. Contracts. The **Association** shall not be bound, either directly or indirectly, to any professional management contracts or leases entered into prior to the date upon which the **Declarant** has completed and sold all the **Lots** in **Craft Farms North, Phase One** unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, with not more than **ninety (90) days'** notice to the other party.

Section 8.08. Assignment. The share of a **Member** and the funds and assets of the **Association** cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the **Lot** of said **Owner**.

Section 8.09. Board of Directors. The affairs of the **Association** shall be conducted by a **Board of Directors** which shall consist of such number as shall, from time to time, be determined and fixed by a **Majority** of the voting rights present at any annual or special meeting of the **Members**. The **Association** shall have the right to amend the **By-Laws** for the purposes of changing the number of **Directors**.

Section 8.10. By-Laws. The **Association** and the **Members** shall be governed by the **By-Laws** which shall be adopted by the **Members**.

Section 8.11. Availability of Records. The **Association** shall make available to **Owners**, prospective purchasers, **Eligible Mortgage Holders** of **Mortgages** on any **Lot**, current copies of this **Declaration**, the **By-Laws**, **Architectural Guidelines** and other books, records, financial statements and the most recent annual audited or unaudited financial statement of the **Association**, if such audited or unaudited financial statement is prepared. "**Available**" shall mean available for inspection upon request, during normal business hours or under reasonable circumstances.

Section 8.12. Indemnification. The **Association** shall indemnify every officer and director against any and all expenses, including attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceedings, if approved by the then **Board of Directors**) to which said officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the **Association** (except to the extent that such officers or directors may also be **Members** of the **Association**), and the **Association** shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment, and any right to indemnification provided for in this **Declaration** shall not be exclusive of any other rights to which any officer or director or former officer or director may be entitled. The **Association** shall maintain adequate general liability and officers and directors liability insurance to fund this obligation, if such coverage is reasonably obtainable.

Section 8.13. Reserve Fund. The **Association** shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the **Common Areas**. The fund shall be maintained out of regular **Assessments** for **Common Expenses**.

Article IX Covenants for Maintenance

Section 9.01. Responsibility of the Association. The **Association** shall maintain and keep in good repair the **Common Property**, such maintenance to be funded as provided in this **Declaration**.

Section 9.02. Responsibility of Owner. Each Owner shall keep all Lots owned by said Owner, and all dwellings and improvements located on said Lot, in a safe, clean and attractive condition and in good order and repair. Such maintenance obligation shall include, without limitation, the following: prompt removal of all litter, trash, refuse and waste; lawnmowing on a regular basis; tree and shrub pruning; watering landscaped areas; keeping building and improvements, exterior lighting and maintenance facilities in good repair and working order; keeping lawn and garden areas alive, free of weeds and attractive, keeping driveways in good repair; complying with all governmental health and police requirements; and repair of exterior damage to improvements, all in a manner and with such frequency as is consistent with good property management. If, in the opinion of the Association, any Owner fails to perform the duties imposed by this **Section 9.02**, after **ten (10) days'** written notice from the Association to the Owner to remedy the condition in question, the Association shall have the right, through the agents and employees of the Association, to enter upon the Lot in question and to repair, maintain, repaint and restore the Lot or such improvements and the cost shall be a binding, personal obligation of such Owner when billed by the Association as well as a lien upon the Lot in question. The lien provided in this **Section 9.02**, shall have the same enforceability and priority as the lien provided for in **Article X** of this Declaration.

Article X **Covenant for Maintenance Assessments**

Section 10.01. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment by the Owners and occupants of **Craft Farms North, Phase One** and for the improvement and maintenance of the **Common Property**, including the maintenance of real and personal property, all as may be specifically authorized from time to time by the **Board of Directors**.

Section 10.02. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a Deed for a Lot from the Declarant, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to the Association: (i) annual Assessments or charges; (ii) special Assessments, such Assessments to be established and collected as provided in this Declaration; and (iii) specific Assessments against any Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration and the By-Laws. All such Assessments, together with late charges, interest, not to exceed the maximum legal rates, costs and reasonable attorney's fees actually incurred, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each Assessment is made. Each such Assessment, together with late charges, interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Person who is the Owner of such property at the time when the Assessment fell due, and the grantee of said Person shall be jointly and severally liable for such portion as may be due and payable at the time of conveyance. **Provided, However**, the liability of a grantee for the unpaid Assessments of said grantor shall not apply to any first Mortgage holder taking title through judicial or nonjudicial foreclosure proceedings or deed in lieu of foreclosure. **Provided, However**, notwithstanding any other provision elsewhere contained in this Declaration, the Declarant shall not be obligated to pay any Assessment, annual or otherwise, on Lots or property in **Craft Farms North, Phase One** owned by the Declarant unless the Declarant voluntarily elects to pay said Assessment.

Section 10.03. Computation of Assessments. It shall be the duty of the Board of Directors to prepare a budget covering the estimated cost of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board of Directors shall cause the budget and the Assessments to be levied against each Lot for the following year to be delivered to each Member at least **thirty (30) days** prior to the end of the current fiscal year. The budget and the Assessments shall become effective unless disapproved at the meeting by a vote of at least a Majority of the votes entitled to be cast by the Association membership. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board of Directors fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided in this Declaration, the budget in effective for the then current year shall continue for the succeeding year.

Section 10.04. Special Assessments for Capital Improvements upon Common Area. In addition to the annual and special **Assessments** authorized by this **Declaration**, the **Association** may levy, in any **Assessment** year, a special **Assessment** applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the **Common Area**, including fixtures and personal property related to said **Common Area**, provided that any such **Assessment** shall have the assent by a **Majority** vote of the total votes entitled to be cast by **Members** then entitled to voting rights in accordance with this **Declaration** and who are voting in person or by proxy at a meeting duly called for this purpose. **Provided, However**, notwithstanding any other provision elsewhere contained in this **Declaration**, the **Declarant** shall not be obligated to pay any **Special Assessment** on **Lots** or property in **Craft Farms North, Phase One** owned by the **Declarant** unless the **Declarant** voluntarily elects to pay said **Special Assessment**.

Section 10.05. Uniform Rate of Assessment. The **Assessments** provided for in this **Declaration** shall be fixed at a uniform rate for all **Lots**.

Section 10.06. Date of Commencement of Annual Assessments: Due Dates. The **Assessments** provided for in this **Declaration** shall commence as to all **Lots** then existing and subject to **Assessment** under this **Declaration** on the first day of the month following the conveyance of the first **Lot** by the **Declarant** and shall be due and payable in the manner and on a schedule as the **Board of Directors** may provide. The first annual **Assessment** shall be adjusted according to the number of months remaining in that fiscal year. The **Association** shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the **Association**, setting forth whether the **Assessments** on a specified **Lot** have been paid. A properly executed certificate of the **Association** as to the status of **Assessments** on a **Lot** is binding upon the **Association** as of the date of the issuance of said certificate.

Section 10.07. Lien for Assessments. All sums assessed against any **Lot** pursuant to this **Declaration**, together with late charges, interest, costs and reasonable attorney's fees actually incurred, as provided in this **Declaration**, shall be secured by a lien on such **Lot** in favor of the **Association**. Such lien shall be superior to all other liens and encumbrances on such **Lot** except for (a) liens of ad valorem taxes; and (b) liens for all sums unpaid on a first **Mortgage** and on any **Mortgage** to the **Declarant** duly recorded in the records of the **Office of the Judge of Probate of Baldwin County, Alabama** and all amounts advanced pursuant to such **Mortgages** and secured in accordance with the terms of such instruments.

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

Section 10.08. Effect of Nonpayment of Assessments: Remedies of the Association. Any **Assessment** which is not paid when due shall be delinquent. Any **Assessment** delinquent for a period of more than **ten (10) days** shall incur a late charge and bear interest thereon in an amount and at a rate to be set by the **Board of Directors**, but in no event greater than the maximum percentage rate as may then be permitted under the laws of the **State of Alabama**. In the event the **Assessment** remains unpaid after **thirty (30) days**, the **Association** may, as the **Board of Directors** may determine, bring an action at law or in equity against the **Owner** personally obligated to pay the same, foreclose the lien against the **Lot** of the **Owner** in **Craft Farms North, Phase One** or seek injunctive relief, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such **Assessment**. Each **Owner**, by the acceptance of a **Deed** to a **Lot**, or as a party to any other type of conveyance, expressly vests in the **Association** or the agent of the **Association** the right and power to bring all actions against such **Owner** personally for the collection of each charge as a debt and to foreclose the aforesaid lien by all methods available for the enforcement of such liens, including foreclosures by an action brought in the name of the **Association** in a like manner as a mortgage lien on real property, and such **Owner** expressly grants to the **Association** a power of sale in connection with said lien. The lien provided for in this **Declaration** shall be in favor of the **Association** and shall be for the benefit of all **Owners**. The **Association**, acting on behalf of the **Owners**, shall have the power to bid for an interest foreclosed at foreclosure sale and to acquire and hold, lease,

mortgage and convey the same. With the exception of the **Declarant**, no **Owner** may waive or otherwise escape liability for the **Assessments** provided for in this **Declaration** by nonuse of the **Common Area** or abandonment of the **Lot** of said **Owner**.

All payments shall be applied first to costs and attorney's fees, then to late charges, then to interest, then to delinquent **Assessments**, then to any unpaid installments of the annual **Assessment** or special **Assessment**, which are not the subject matter of suit in the order of their coming due, and then to any unpaid installments of the annual **Assessment** or special **Assessments** which are the subject matter of suit in the order of their coming due.

Section 10.09. Capital Budget and Contribution. The **Board of Directors** shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair and replacement. The **Board of Directors** shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the **Association**, as shown on the capital budget, with respect to both amount and timing by annual **Assessments** over the period of the budget. The capital contribution required shall be fixed by the **Board of Directors** and included within the budget and the **Assessment** as provided for in this **Declaration**. A copy of the capital budget shall be distributed to each **Member** in the same manner as the operating budget.

Section 10.10. Subordination of the Lien to Mortgages. The lien of the **Assessments** provided for in this **Declaration** shall be subordinate to the lien of any first **Mortgage** on a **Lot**. The sale or transfer of any **Lot** shall not affect the **Assessment** lien. However, the sale or transfer of any **Lot** pursuant to judicial or nonjudicial foreclosure or any proceeding or deed in lieu thereof of a first **Mortgage** shall extinguish the lien of such **Assessments** as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such **Lot** from liability for any **Assessments** becoming due or from the lien thereof or relieve the prior **Owner** from any personal liability for any unpaid **Assessments** occurring prior to said sale or transfer. Such unpaid share of **Common Expenses** or **Assessments** shall be deemed to be **Common Expenses** collectible from all of the **Lots**, including such acquirer, or the heirs, successors and assigns of said acquirer.

Section 10.11. Capitalization of the Association. Upon acquisition of record title to a **Lot** from the **Declarant**, each **Owner** shall contribute **Two Hundred Dollars (\$200.00)** to the working capital fund of the **Association**. Any amounts paid into this fund should not be considered as advanced payments or regular **Assessments**. The **Declarant** shall not be obligated to contribute to the working capital fund of the **Association** as required of **Lot Purchasers** by this **Section 10.11.**

Section 10.12. No Assessment on the Declarant. The **Declarant** shall not be obligated to pay any **Assessment**, annual or otherwise, on any **Lot** owned by the **Declarant**.

Article XI **Insurance and Casualty Loss**

Section 11.01. Association Insurance. The **Board of Directors**, or the duly authorized agent of the **Board of Directors**, shall have the authority to and shall obtain blanket all-risk hazard insurance, if reasonably available, for all insurable improvements on the **Common Area**. If blanket all-risk coverage is not reasonably available, then, at a minimum, an insurance policy providing fire and extended coverage for all insurable improvements on the **Common Area** shall be obtained. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

The **Board of Directors** shall also obtain a public liability policy covering the **Common Area**, the **Association**, and the **Members** for premises liability, blanket contractual liability and products/completed operations liability. The public liability policy shall have at least **Three Hundred Thousand Dollars (\$300,000.00)** combined single limit for bodily injury and property damage liability claims. The public liability policy may contain a reasonable deductible.

All such insurance coverage obtained by the **Board of Directors** shall be written in the name of the **Association** as **Trustee** for the benefit of the **Owners**. Such insurance shall be governed by the

provisions hereinafter set forth:

A. All policies shall be written with a company licensed to do business in **Alabama** and holding a rating of "**A**" or better in the Financial Category as established by **A. M. Best Company, Inc.**, if reasonably available, or, if not available, the most nearly equivalent rating.

B. All policies on the **Common Area** shall be for the benefit of the **Owners** and their **Mortgagees** as their interests may appear.

C. Exclusive authority to adjust losses under policies in force on the property obtained by the **Association** shall be vested in the **Board of Directors**. **Provided, However**, no **Mortgagee** having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

D. In no event shall the insurance coverage obtained and maintained by the **Board of Directors** hereunder be brought into contribution with insurance purchased by individual **Owners**, occupants or their **Mortgagees**.

E. The **Board of Directors** shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

1. A waiver of subrogation by the insurer as to any claims against the **Board of Directors**, the manager, the **Owners** and their respective tenants, servants, agents and guests; and

2. that no policy may be canceled or substantially modified without at least **ten (10) days'** prior written notice to the **Association**.

In addition to the other insurance required by this **Section 11.01.**, the **Board of Directors** shall obtain, as a **Common Expense**, worker's compensation insurance, if and to the extent necessary, and, if reasonably available, a fidelity bond or bonds on directors, officers, employees and other **Persons** handling or responsible for the funds of the **Association**.

This **Declaration** does not obligate the **Association** to purchase casualty insurance to cover **Lots** nor does it obligate the **Association** to provide liability insurance to cover **Owners** in their individual capacities.

Each **Owner** may obtain additional insurance at the expense of said **Owner**. **Provided, However**, that no **Owner** shall be entitled to exercise the right to maintain insurance coverage in such a way as to decrease the amount which the **Association**, on behalf of all the **Owners** and their **Mortgagees**, may realize under any insurance policy which the **Board of Directors** may have in force on **Craft Farms North, Phase One** at any particular time.

Premiums for all insurance obtained by the **Association** shall be a **Common Expense** of the **Association**. The cost of insurance coverage obtained by the **Association** shall be included in the annual or special **Assessment** as provided in this **Declaration**. The policies may contain a reasonable deductible.

Section 11.02. Individual Insurance. By virtue of taking title to a **Lot** subject to the terms of this **Declaration**, each **Owner** covenants and agrees with all other **Owners** and with the **Association** that each **Owner** shall carry property and liability insurance on the **Lot** of said **Owner** and improvements on said **Lot** with similar coverages as provided for in **Section 11.01.** of this **Declaration**. Each **Owner** further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of structures located on the **Lot** of said **Owner**, the **Owner** shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction. In the event that the structure is totally destroyed and the **Owner** determines not to rebuild or to reconstruct, the **Owner** shall clear the **Lot** of all debris and return the **Lot** to substantially the natural state in which the **Lot** existed prior to the beginning of construction. The **Architectural Committee** may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the **Lot** and the standards for returning the **Lot** to the natural state of the **Lot** in the event the **Owner** decides not to rebuild or reconstruct.

Section 11.03. Disbursement of Proceeds. Proceeds of insurance policies maintained by the **Association** shall be disbursed as follows:

A. If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the **Common Property** or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected **Owner** or **Owners** and the **Mortgagee(s)**, as their interests may appear, shall be retained by and for the benefit of the **Association** and placed in a capital improvements account. This is a covenant for the benefit of any **Mortgagee** of a **Lot** and may be enforced by such **Mortgagee**.

B. If it is determined, as provided for in this **Article XI**, that the damage or destruction to the **Common Property** for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in **Section 11.03. A.** of this **Declaration**.

Section 11.04. Damage or Destruction.

A. Immediately after the damage or destruction by fire or other casualty to all or any part of the **Common Property** covered by insurance written in the name of the **Association**, the **Board of Directors**, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed portion of the **Common Property**. Repair or reconstruction, as used in this **Article XI**, means repairing or restoring the **Common Property** to substantially the same condition in which the **Common Property** existed prior to the fire or other casualty.

B. Any damage or destruction to the **Common Property** shall be repaired or reconstructed unless the voting **Members** representing at least **seventy-five percent (75%)** of the total votes of the **Association** shall decide within **sixty (60) days** after the casualty not to repair or reconstruct. If, for any reason, either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the **Association** within said period, then the period shall be extended until such information shall be made available; **Provided, However**, such extension shall not exceed **sixty (60) days**. No **Mortgagee** shall have the right to participate in the determination of whether the **Common Property** damage or destruction shall be repaired or reconstructed.

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

Section 11.05. Repair and Reconstruction. If the damage or destruction to the **Common Property** for which the insurance proceeds are paid by the **Association** is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the **Board of Directors** shall use general funds or seek a **Special Assessment** as permitted by this **Declaration**. Additional **Assessments** may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article XII
Condemnation

Whenever all or any part of the **Common Area** shall be taken (or conveyed in lieu of and under threat of condemnation by the **Board of Directors** acting on the written direction of the **Members** of the **Association** entitled to vote representing at least sixty-seven percent of the **Lot Owners** and of the **Declarant**, so long as the **Declarant** retains **Declarant Control** as provided for in this **Declaration** or so long as the **Declarant** may subject **Additional Property** to this **Declaration** in accordance with **Article XV**) by any

authority having the power of condemnation or eminent domain, the **Association** shall represent the **Owners**. **Provided, However**, each **Owner** shall be entitled to notice thereof. The award made for such taking shall be payable to the **Association** as Trustee for all **Owners**. Section 11.03 and Section 11.04 of this **Declaration** regarding disbursement of proceeds and damage or destruction shall govern replacement or restoration and the actions to be taken in the event that improvements are not restored and replaced. **Provided, However**, anything else contained in this Article XII to the contrary, any use of the **Common Area** by the **Declarant** or any dedication or transfer of all or any part of the **Common Area** to any public agency, authority or utility as permitted by this **Declaration** shall not be deemed a taking as provided for in this Article XII.

Article XIII **Amendment**

This **Declaration** may be amended unilaterally at any time and from time to time by the **Declarant** without any approval from any **Owner** or the **Association**. **Provided, However**, any such amendment shall not adversely affect the title to any **Lot** of an **Owner** unless any such **Owner** shall consent in writing. Further, so long as the **Declarant** owns any **Lot** or any property which may be subjected to the control of the **Association** pursuant to this **Declaration**, this **Declaration** may not be amended by the **Owners** unless approved in writing by the **Declarant**. **Provided, Further**, any such amendment shall not materially adversely affect the substantive rights of any **Owner** under this **Declaration**, nor shall said amendment adversely affect title to any **Lot** without the consent of the affected **Owner**. Amendments to this **Declaration** shall become effective upon recordation in the **Office of the Judge of Probate of Baldwin County, Alabama**.

Article XIV **Mortgagee Rights**

The following provisions are for the benefit of **Eligible Mortgage Holders** in **Craft Farms North, Phase One**. The provisions of this Article XIV apply to both this **Declaration** and to the **By-Laws**, notwithstanding any other provisions contained in this **Declaration**.

Section 14.01. Notices of Action. An institutional holder, insurer, or guarantor of a first **Mortgage**, who provides written request to the **Association** (such request to state the name and address of such holder, insurer, guarantor and the **Lot** number, therefore becoming an **Eligible Mortgage Holder**), will be entitled to timely written notice of:

A. any condemnation loss or any casualty loss which affects a material portion of **Craft Farms North, Phase One** or which affects any **Lot** on which there is a first **Mortgage** held, insured, or guaranteed by such **Eligible Mortgage Holder**;

B. any delinquency in the payment of **Assessments** or charges owed by an **Owner** of a **Lot** subject to the **Mortgage** of such **Eligible Mortgage Holder**, where such delinquency has continued for a period of **sixty (60) days**. **Provided, However**, notwithstanding this provision, any holder of a first **Mortgage** upon request is entitled to written notice from the **Association** of any default in the performance by an **Owner** of a **Lot** of any obligation under this **Declaration** or the **By-Laws** of the **Association** which is not cured within **sixty (60) days**;

C. any lapse, cancellation or material modification of any insurance policy by the **Association**; or

D. any proposed action which would require the consent of a specified percentage of **Eligible Mortgage Holders**.

Section 14.02. No Priority. No provision of this **Declaration** or the **By-Laws** gives or shall be construed as giving any **Owner** or other party priority over any rights of the first **Mortgagee** of any **Lot** in the case of distribution to such **Owner** of insurance proceeds or condemnation awards for losses to or a taking of the **Common Property**.

Section 14.03. Notice to the Association. Upon request, each **Owner** shall be obligated to furnish to the **Association** the name and address of the holder of any **Mortgage** encumbering such **Lot** of an **Owner**.

Section 14.04. Applicability of this Article. Nothing contained in this **Article XIV** shall be construed to reduce the percentage vote that must otherwise be obtained under this **Declaration**, the **By-Laws**, or **Alabama** law for any of the acts set out in this **Article XIV**.

Section 14.05. Failure of Mortgagee to Respond. Any **Mortgagee** (or insurer or guarantor of a **Mortgage**) who receives a written request from the **Board of Directors** to respond to or consent to any action shall be deemed to have approved such action if the **Association** does not receive a written response from the **Mortgagee** within **thirty (30) days** of the date of the request of the **Association**.

Article XV **Rights of the Declarant**

Section 15.01. Transfer of Rights. Any or all of the special rights and obligations of the **Declarant** may be transferred by the **Declarant** to other **Persons** or entities, pertaining to any **one (1) Lot** or multiple **Lots** or any part or all of **Craft Farms North, Phase One**, including, but not limited to, the exemption of the **Declarant** as to the **Lot** or **Lots** so transferred to pay **Assessments** as provided for in this **Declaration**. Any transfer of rights and obligations by the **Declarant** must be by a written instrument signed by the **Declarant** and duly recorded in the **Office of the Judge of Probate of Baldwin County, Alabama**.

Section 15.02. Legal Description Modifications. The **Declarant** has the right to change or modify the legal description of any real property designated as the **Common Area** or as a parcel or parcels or as a **Lot** or **Lots** located within the boundaries of **Craft Farms North, Phase One** without obtaining any approval from the **Association** or any **Owner** or other party, solely by filing an affidavit executed by the project surveyor describing the change made in the legal description of a **Common Area**, parcel or **Lot**.

Section 15.03. Right of Approval. So long as the **Declarant** owns any property within **Craft Farms North, Phase One** or any property which may be subjected to the jurisdiction of the **Association** by **Subsequent Amendment** as provided for in this **Declaration**, this **Section 15.03**, may not be amended without the express written consent of the **Declarant**.

In addition to any other rights granted or reserved to the **Declarant** by this **Declaration**, the **Declarant** shall have the right to approve all actions of the **Board of Directors** and the **Architectural Committee** as those actions may affect the rights of the **Declarant** to improve, construct, market and sell **Craft Farms North, Phase One** and any **Additional Property**. This right shall be exercisable only by the **Declarant** and the successors and assigns of the **Declarant** who specifically take this right in a recorded instrument. The right shall be exercised as follows:

No action authorized by the **Board of Directors** or **Architectural Committee** shall become effective nor shall any action, policy or program be implemented until and unless:

A. The **Declarant** shall have been given written notice of all meetings and proposed actions approved at meetings of the **Board of Directors** or the **Architectural Committee** by certified mail, return receipt requested, or by personal delivery at the address the **Declarant** has registered with the **Secretary** of the **Association**; and

B. The **Declarant** shall be given the opportunity at any such meeting to join in or to have a representative or agent join in discussion from the floor of any prospective action, policy, or program to be implemented by the **Board of Directors** or the **Architectural Committee**. The **Declarant** and representatives or agents of the **Declarant** shall make the concerns, thoughts and suggestions of the **Declarant** known to the **Members** of the **Architectural Committee** or the **Association**. Said right must be exercised by the **Declarant**, representatives, or agents of the **Declarant** within **ten (10) days** after the meeting held pursuant to the terms and provisions of this **Declaration**.

Article XVI
Annexation of Additional Property

Section 16.01. Annexation of Additional Property by the Declarant. So long as the **Declarant** retains **Declarant Control** as provided for in this **Declaration**, the **Declarant** shall have the unilateral right, privilege and option, from time to time and at any time to subject to the provisions of this **Declaration** and the jurisdiction of the **Association** such additional real property, **Lots** and/or **Common Areas** (regardless of whether or not said real property, **Lots** and/or **Common Areas** are contiguous to **Craft Farms North, Phase One** and regardless of whether or not said real property, **Lots** and/or **Common Areas** are designated as single-family residential uses or commercial uses) as the **Declarant** may determine, in the sole discretion of the **Declarant**, ("**Additional Property**"), whether in fee simple or leasehold, by filing in the **Office of the Judge of Probate of Baldwin County, Alabama**, one or more amendments or **Subsequent Amendments** annexing such **Additional Property**. Such amendments or **Subsequent Amendments** to this **Declaration** shall not require the approval or vote of **Members** or **Mortgagees** or other **Persons**. Any such annexation of **Additional Property** shall be effective upon the filing for record of said amendments or **Subsequent Amendments** unless otherwise provided in said amendments or **Subsequent Amendments**.

The **Declarant** shall have the unilateral right, privilege and option to transfer to any other **Person** the said right, privilege and option to annex **Additional Property** which is reserved to the **Declarant** in this **Declaration**, provided that such transferee or assignee shall be the developer of at least a portion of the **Additional Property** and that such transfer is memorialized in a written, recorded instrument.

The rights reserved to the **Declarant** to subject **Additional Property** to this **Declaration** shall not be implied or construed so as to impose any obligation upon the **Declarant** to subject any part of all of such **Additional Property** to this **Declaration** or to the jurisdiction of the **Association** nor any obligation, if subjected, to construct **Dwellings** or **Improvements** of the same type, design, or materials. If all or any part of such **Additional Property** is not subjected to this **Declaration**, the reserved right of the **Declarant** shall not impose any obligation on the **Declarant** to impose any covenants and restrictions similar to those contained in this **Declaration** upon such **Additional Property**, nor shall such rights in any manner limit or restrict the use to which such **Additional Property** shall be put by the **Declarant** or any subsequent owner of said **Additional Property**, whether such uses are consistent with the covenants and restrictions imposed by this **Declaration** or not. The **Declarant** may use or authorize the use of any property which is not subjected to this **Declaration** for any use the **Declarant** deems appropriate including, but not limited to, commercial uses.

Section 16.02. Annexation of Additional Property by the Association. After release of **Declarant Control** by the **Declarant** as provided for in this **Declaration**, upon approval in writing of the **Association**, pursuant to authorization of two-thirds of the vote of all of the **Members** of the **Association**, voting as provided for in this **Declaration**, the owner of any property who desires to add such property to the scheme of this **Declaration** and subject such property to the jurisdiction of the **Association** may file of record a **Subsequent Amendment** as described in this **Declaration**. Anything else contained in this **Declaration** to the contrary, the **Association** may not annex **Additional Property** without the approval of the **Declarant** so long as the **Declarant** retains **Declarant Control** as provided for in this **Declaration**.

Section 16.03. Modification. Any **Subsequent Amendment** may contain such complimentary additions and modifications of this **Declaration** as may be necessary or convenient to reflect and adapt to any difference in character of the **Additional Property**. In no event, however, shall such **Subsequent Amendment** revoke, modify or add to the covenants established by this **Declaration** so as to affect the **Existing Property**.

Section 16.04. Mergers, Combinations or Consolidations. Upon merger, combination or consolidation of the **Association** with another association, the property, rights and obligations of the **Association** may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the property, rights and obligations of another association may, by operation of law, be added to the property of the **Association** as a surviving corporation pursuant to a merger, combination or

consolidation. The surviving or consolidated association may administer the covenants and restrictions established by this **Declaration** within the **Existing Property**, together with the covenants and restrictions established upon any other property as one scheme. No such merger, combination or consolidation, however, shall effect any revocation or change of or addition to the covenants and restrictions established by this **Declaration** within the **Existing Property**, except as provided for in this **Declaration**.

Section 16.05. Amendment. This **Article XVI** shall not be amended without the written consent of the **Declarant**, so long as the **Declarant** retains **Declarant Control** or has the right to add **Additional Property**.

Article XVII **Miscellaneous**

Section 17.01. Unrestrictive Right of Transfer. The right of a **Lot Owner** to sell, transfer or otherwise convey the **Lot** of said **Owner** shall not be subject to any right of first refusal or a similar restriction.

Section 17.02. No Restrictions on Mortgaging. Anything construed in this **Declaration** to the contrary, there shall be no restrictions on the right of a **Lot Owner** to mortgage the **Lot** of said **Owner**.

Section 17.03. Acceptance by Grantee. The grantee of any **Lot** subject to the coverage of this **Declaration**, by acceptance of the **Deed** or other instrument conveying an interest in or title to, or the execution of a contract for the purchase of said **Lot** whether from the **Declarant** or a subsequent **Owner** of such **Lot**, shall accept such **Deed** or other contract upon and subject to each and all of the terms and conditions set out in this **Declaration**.

Section 17.04. Indemnity for Damages. Each and every **Lot Owner** and future **Lot Owner**, in accepting a **Deed** or contract for any **Lot** subject to this **Declaration**, agrees to indemnify the **Declarant** for any damage caused by such **Owner** or the contractor, agent or employees of such **Owner**, to private access areas, streets, roads, gutters, walkways or other aspects of private or public ways, including all surfacing on said private or public ways or to water, drainage or storm sewer lines or sanitary sewer lines owned by the **Declarant**, or for which the **Declarant** has responsibility, at the time of such damage.

Section 17.05. Severability. If any **Article**, part, clause, provision, or condition of this **Declaration** is held to be void, invalid, or inoperative, such voidness, invalidity, or inoperativeness shall not affect any other **Article**, clause, provision or condition of this **Declaration**; but the remainder of this **Declaration** shall be effective as though such **Article**, clause, provision or condition had not been contained.

Section 17.06. Captions, Gender and Grammar. The captions preceding the various sections, paragraphs and subparagraphs of this **Declaration** are for the convenience of reference only, and none of them shall be used as an aid to the construction of any provision in this **Declaration**. Wherever and whenever applicable, the singular form of any word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean or apply to the feminine or to the neuter.

Section 17.07. Effect of Violation on Mortgage Lien. No violation of any of the terms and conditions of this **Declaration** shall defeat or render invalid the lien of any **Mortgage** made or reserved in good faith and for value upon any portion of **Craft Farms North, Phase One**. **Provided, However**, that any **Mortgagee** in actual possession, or any purchaser at any **Mortgagee's** judicial or nonjudicial foreclosure sale shall be bound by and subject to this **Declaration** as fully as any other **Owner** of any portion of **Craft Farms North, Phase One**.

Section 17.08. No Reverter. No provision of this **Declaration** is intended to be, or shall be construed as, a condition subsequent or as creating a possibility of reverter.

Section 17.09. Duration. The provisions of this **Declaration** shall run with and bind **Craft Farms North, Phase One** and shall be and remain in effect perpetually to the extent permitted by **Alabama** law. **Provided, However**, should any provision of **Alabama** law limit the period during which covenants restricting land to certain usage may run, any provisions of this **Declaration** affected by said **Alabama** law shall run with

and bind **Craft Farms North, Phase One** so long as permitted by such law; and such provisions shall be automatically extended for successive periods of **ten (10) years** or such shorter period as may be allowed by law, unless such extension is disapproved at a meeting duly called for such purpose by a vote of at least a **Majority** of all votes entitled to be cast by **Members** of the **Association** and, so long as the **Declarant** owns any **Lots** or property or any property which may be subjected to the terms of this **Declaration** by **Subsequent Amendment**, the consent of the **Declarant**. Such meeting must be recorded within the year immediately preceding the beginning of a renewal period. A purchaser or grantee of any interest in any **Lot** subject to this **Declaration**, by acceptance of a deed or other conveyance of said **Lot** agrees that such provisions of this **Declaration** may be extended or renewed as provided in this **Section 17.09**.

Section 17.10. Enforcement. In the event of a violation or breach of any of this **Declaration**, the **By-Laws** or the **Architectural Guidelines** by any **Owner**, or employee, agent or lessee of such **Owner**, the **Owner(s)** of **Lot(s)**, the **Association**, the **Declarant** (so long as the **Declarant** is a **Member** of the **Association**), their successors and assigns, shall have the right to proceed at law or in equity to compel compliance with the terms and conditions of this **Declaration**, to prevent the violation or breach of this **Declaration**, the **By-Laws** or the **Architectural Guidelines** of the **Association** or the **Rules and Regulations** promulgated by the **Architectural Committee**, to sue for and recover damages or other dues, or take all such courses of action at the same time, or such other legal remedy the **Association** may deem appropriate. No delay or failure on the part of an aggrieved party to initiate an available remedy set forth in this **Declaration** shall be held to be a waiver of that party or an estoppel of that party or of any other party to assert any right available to him upon the recurrence or continuation of said violation or the occurrence of a different violation.

Damages shall not be deemed adequate compensation for any breach or violation of any provision of this **Declaration**, but any **Person** or entity entitled to enforce any provision of this **Declaration** shall be entitled specifically to relief by way of injunction as well as any other available relief either at law or in equity.

Any party to a proceeding who succeeds in enforcing this **Declaration**, the **By-Laws** or the **Architectural Guidelines** of the **Association** or the **Rules and Regulations** promulgated by the **Architectural Committee** enjoining the violation of this **Declaration** against a **Lot Owner** may be awarded a reasonable attorney's fee against such **Lot Owner**.

Section 17.11. Certificate of Violation. In addition to any other rights or remedies available to the **Association** under this **Declaration** or at law or equity, the **Association** shall have the right to file in the records of **Baldwin County, Alabama**, a Certificate or Notice of Violation of this **Declaration** (which violation shall include, without limitation, nonpayment of the annual charges and/or failure to comply with **Architectural Guidelines**) upon failure of a **Lot Owner** to correct a violation of this **Declaration** within **ten (10) days** after

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written notice of the violation has been given by the **Association** to the **Lot Owner**.

Section 17.12. Interpretation by the Association. The **Association** shall have the right to construe and interpret the provisions of this **Declaration**, and in absence of an adjudication by a court of competent jurisdiction to the contrary, the construction or interpretation by the **Association** shall be final and binding as to all **Persons** or **Property** benefitted or bound by the provisions of this **Declaration**.

Section 17.13. Estoppel Certificate. Upon the request of any **Member**, the **Board of Directors** or the designee of the **Board of Directors** shall furnish a written certificate signed by an officer or agent of the **Association** regarding unpaid **Assessments** levied against that **Member** or the **Lot** of that **Member** in violation of this **Declaration**, the **By-Laws**, use restrictions, **Architectural Guidelines** by any **Owner** or occupant of **Craft Farms North, Phase One**. Such certificate shall bind the **Association** with respect to the foregoing matters. The **Association** may require the advance payment of a reasonable processing fee.

Section 17.14. Assignment by the Association. The **Association** shall be empowered to assign the rights of the **Association** to any successor nonprofit membership corporation ("**Successor Corporation**") and, upon such assignment the **Successor Corporation** shall have all the rights and be subject to all the duties of the **Association**.

Section 17.15. No Waiver. The failure of any party entitled to enforce this **Declaration** shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to such a violation or breach occurring prior or subsequent thereto.

Section 17.16. Deviation. The **Board of Directors** or the designee of the **Board of Directors** may, in the exercise of the reasonable discretion of the **Board of Directors**, permit deviations from the restrictions contained in this **Declaration**, the **By-Laws**, or the **Architectural Guidelines**.

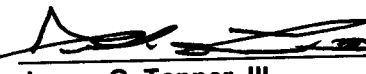
Section 17.17. Effective Date. The **Effective Date** of this **Declaration** shall be the date that this **Declaration** is recorded in the records of the **Office of the Judge or Probate of Baldwin County, Alabama**.

IN WITNESS WHEREOF, the **Declarant** has caused this **Declaration** to be duly executed on the date set opposite the signature of the **Declarant**.

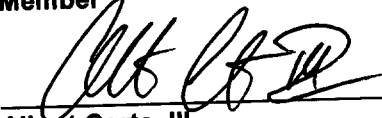
Declarant:

**Craft Farms Land Development, LLC, an Alabama
Limited Liability Company**

**By: Country Club Development, L.L.C., an Alabama Limited
Liability Company
Its: Member**

By: 
**James G. Tanner, III
Its: Member**

By: AC3, Inc., an Alabama Corporation
Its: Member

By: 
Albert Corte, III
Its: President

By: Pennstar, LLC, an Alabama Limited Liability Company
Its: Member

By: Summit Construction Company, Inc., an
Alabama Corporation
Its: Manager

By: 
Clarence E. Burke, Jr.
Its: President

By: Craft Ventures, LLC, an Alabama Limited Liability
Company
Its: Member

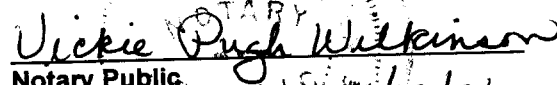
By: 
Robert S. Craft
Its: Manager

STATE OF ALABAMA :

COUNTY OF BALDWIN :

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that **James G. Tanner, III**, whose name as **Member of Country Club Development, L.L.C., an Alabama Limited Liability Company**, acting in its capacity as a **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company** 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 **Member of Country Club Development, L.L.C., an Alabama Limited Liability Company**, and with full authority, executed the same voluntarily for and as the act of **Country Club Development, L.L.C., an Alabama Limited Liability Company**, acting in its capacity as **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company**.

Given under my hand and seal this 17th day of November, 2005


Notary Public
My Commission Expires: 11/19/06

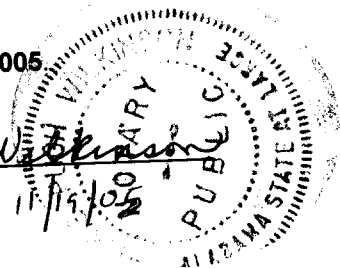
STATE OF ALABAMA :

COUNTY OF BALDWIN :

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that **Albert Corte, III**, whose name as **President of AC3, Inc., an Alabama Corporation** acting in its capacity as a **Member of Country Club Development, L.L.C., an Alabama Limited Liability Company**, acting in its capacity as a **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company** 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 **President of AC3, Inc., an Alabama Corporation**, and with full authority, executed the same voluntarily for and as the act of **AC3, Inc., an Alabama Corporation** acting in its capacity as a **Member of Country Club Development, L.L.C., an Alabama Limited Liability Company**, acting in its capacity as **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company**.

Given under my hand and seal this 11th day of November, 2005.

Vickie Pugh Watson
Notary Public
My Commission Expires: 11/15/05



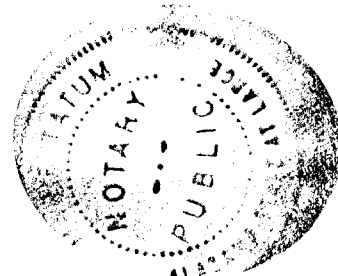
STATE OF ALABAMA :

COUNTY OF BALDWIN :

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that **Clarence E. Burke, Jr.**, whose name as **President of Summit Construction Company, Inc., an Alabama Corporation**, acting in its capacity as the **Manager of Pennstar, LLC, an Alabama Limited Liability Company**, acting in its capacity as a **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company**, 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 **President of Summit Construction Company, Inc., an Alabama Corporation**, and with full authority, executed the same voluntarily for and as the act of **Summit Construction Company, Inc., an Alabama Corporation**, acting in its capacity as **Manager of Pennstar, LLC, an Alabama Limited Liability Company**, acting in its capacity as **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company**.

Given under my hand and seal this 17th day of NOVEMBER, 2005.

Maie Satum
Notary Public
My Commission Expires: 9/16/06

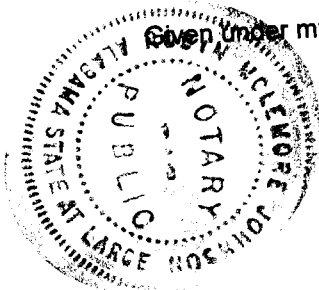


STATE OF ALABAMA :

COUNTY OF BALDWIN :

I, the undersigned authority, a Notary Public in and for said State and County, hereby certify that Robert S. Craft, whose name as **Manager of Craft Ventures, LLC, an Alabama Limited Liability Company**, acting in its capacity as a **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company**, 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 **Manager of Craft Ventures, LLC, an Alabama Limited Liability Company**, and with full authority, executed the same voluntarily for and as the act of **Craft Ventures, LLC, an Alabama Limited Liability Company**, acting in its capacity as **Member of Craft Farms Land Development, LLC, an Alabama Limited Liability Company**.

Given under my hand and seal this 17th day of November, 2005.



Robert M. Johnson
Notary Public
My Commission Expires:

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Feb 28, 2008
BONDED THRU NOTARY PUBLIC UNDERWRITERS

THIS INSTRUMENT PREPARED BY:

W. Kenneth Heard
Irby & Heard, P.C.
Attorneys at Law
317 Magnolia Avenue
Post Office Box 1031
Fairhope, Alabama 36533
(251) 928-4555

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