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LAKEVIEW AT STEELWOOD, A RESIDENTIAL DEVELOPMENT

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

September, 2005

926711

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**Declaration of Covenants, Conditions and Restrictions
For
Lakeview at Steelwood**

This Declaration is made as of the 30th day of September, 2005, by **CABB Development, L.L.C.**, an Alabama limited liability company, for the purpose of establishing certain easements, covenants, and restrictions to run with the land.

WHEREAS, CABB Development, L.L.C. is the owner of certain property located in Baldwin County, Alabama, and more particularly described as Lakeview at Steelwood on Exhibit "A", attached hereto; and

WHEREAS, CABB Development, L.L.C. desires to subject such property to the provisions of this Declaration, and to the provisions of the Steelwood Owners Association Declarations, and to have constructed on Lakeview at Steelwood (the "Subject Property"), a residential community, and to provide a flexible and reasonable method for the administration and maintenance of such property and to establish certain easements, covenants, and restrictions to run with the land; and

NOW, THEREFORE, CABB Development, L.L.C. hereby declares that Lakeview at Steelwood, as described on Exhibit "A" shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following easements, restrictions, covenants, charge liens and conditions which are for the purpose of protecting the value and desirability of and which shall run with title to the immovable property subjected to this Declaration, and which shall be binding on all parties having any right, title or interest in the described properties or any portion thereof, and their respective heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner thereof and where provided herein, shall benefit the Subject Property.

**Article I
Definitions**

1.01 Definitions. When used in this declaration, unless the context shall prohibit or otherwise require, the following words, shall have all the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

(a) **"Architectural Review Committee"** shall mean and refer to the committee which shall be appointed by the Association's Board of Directors to approve exterior and structural improvements, additions and changes within the Development as provided in Article XI hereof, and which shall be subject to the approval of the Steelwood Owners' Association Architectural Review Board.

(b) **"Articles of Incorporation"** shall mean and refer to the Articles of Incorporation of Lakeview at Steelwood Property Owners' Association, as amended from time to time.

(c) **"Assessment"** shall mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided.

(d) **"Association"** shall mean and refer to the Lakeview at Steelwood Property Owners' Association, an Alabama non-profit corporation.

(e) **"Board of Directors"** shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(f) **"By-Laws of the Association"** or the **"By-Laws"** shall mean and refer to those By-Laws of the Lakeview at Steelwood Property Owners' Association which govern the administration and operation of the Association, as the same may be amended from time to time.

(g) **"Club Owner"** shall mean Steelwood LTD and refer to the owner of the property on which the Steelwood Country Club is located, and its successors, assigns and successors-in-title with respect thereto.

(h) **"Common Areas"** shall mean and refer to all real and personal property now or hereafter owned by the Association or over which the Association holds an easement for the common or restricted use and enjoyment of the Owners. Included within the Common Areas are the lakes, maintenance areas, roads, streets, parking lots, cart paths, walkways, trails, sidewalks, common cart storage areas, the recreational area, street lighting and signage. The Common Areas to be owned by the Association or over which the Association shall hold an easement at the time of conveyance of the first Lot or Dwelling to an Owner other than the Declarant are those tracts or parcels of land shown on the Development Plat or as provided herein, less and except the individual Lots, Dwellings, the Steelwood Country Club Property and the Additional Property. The designation of any land and/or improvements as Common Areas shall not mean or imply that the public at large acquires any easement of use or enjoyment therein.

(i) **"Common Expenses"** shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration.

(j) **"Declarant"** shall mean and refer to the person or entity who has executed this Declaration, or any successor-in-title to the entire interest of such person with respect to the Property and the Additional Property at the time of such transfer to his successor-in-title, or any party who acquires such person's entire interest with respect to the Property and the Additional Property at the time of such acquisition pursuant to the foreclosure of a Mortgage encumbering such person's interest in the Property and the Additional Property.

(k) **"Declaration"** shall mean and refer to this Declaration of Covenants, Conditions and Development Restrictions for the Lakeview at Steelwood Development and all amendments thereof filed for record in the Office of the Judge of Probate of Baldwin County, Alabama.

(l) **"Development"** with an initial capital letter, shall mean and refer to the Subject Property and all improvements located or constructed thereon.

(m) **"Dwelling"** with an initial capital letter, shall mean and refer to any improved property intended for the use as a **single-family detached dwelling** located within the Development.

(n) **"Foreclosure"** shall mean and refer to, without limitation, the judicial foreclosure of a Mortgage or the conveyance of secured property by a dation en paiement in lieu of a judicial foreclosure.

(o) **"General Common Area"** shall mean the Common Property or Common Properties, as defined in the Steelwood Declaration which the Steelwood Owner's Association shall now or hereafter own, including, but not limited to, the Private Roadway Easement.

(p) **"Lease"** shall mean and refer to any lease, sub lease or rental contract, whether oral or written.

(q) **"Living Area"** shall mean and refer to enclosed and covered areas within a Dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics and basements.

(r) **"Lot"** shall mean and refer to any unimproved portion of the Property upon which it is intended that a Dwelling shall be constructed, as such Lots are shown on the Development Plat. A parcel of land shall be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements thereon shall collectively be considered to be a Dwelling for purposes of this Declaration.

(s) **"Mortgage"** with an initial capital letter shall mean and refer to a credit sale, mortgage or other similar security instrument granting, creating or conveying a lien upon, or a security interest in, a Lot or Dwelling (or any portion thereof).

(t) **"Mortgagee"** with an initial capital letter shall mean and refer to the holder of a Mortgage.

(u) **"Occupant"** shall mean and refer to any person, including, without limitation, any Owner or any guest, invitee, lessee, tenant or family member of an Owner,

occupying or otherwise using a Dwelling within the Development.

(v) **"Owner"** with an initial capital letter, shall mean and refer to one or more persons, including Declarant, who or which owns title to any Lot or Dwelling.

(w) **"Parcel"** a part of the Property or Additional Property as shown on one or more Subdivision Plats.

(x) **"Person"** shall mean and refer to a natural person, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

(y) **"Property"** with an initial capital letter, shall mean and refer to that described on Exhibit "A", together with all improvements thereon, and, upon submission to the provisions of this Declaration, the tracts or parcels of land described as Additional Property, or any portion thereof or any tracts or parcels of land hereafter added thereto, together with all improvements thereon.

(z) **"Private Amenities"** shall mean and refer to the Steelwood Lake, the Steelwood County Club, and any other property described or defined in the Steelwood Declaration as a Private Amenity that is not a part of Lakeview at Steelwood and/or is not a Common Area owned, operated, or controlled by the Lakeview at Steelwood Owner's Association.

(aa) **"Steelwood Country Club"** shall mean and refer to the Steelwood golf course and related club facilities developed by the Club Owner in conjunction with and adjacent to the Development and shown on the Development Plat, including the eighteen hole golf course, golf driving range, putting green, golf cart paths, tennis courts, swimming pool, club house, tennis and golf pro shops, locker room facilities, food and beverage facilities and other related facilities. Steelwood LTD owns the Country Club and the Country Club is not part of the Lakeview at Steelwood Common Areas nor is it governed by the provisions of this Declaration except as specifically provided herein. No Owner or Occupant nor the Association shall have any rights in and to, or obligations with respect to, the Steelwood Country Club except as expressly and specifically provided herein.

(bb) **"Steelwood Country Club Property"** shall mean and refer to that certain property on which the Steelwood Country Club is located and which is shown on Exhibit "B" attached hereto or any amendments thereto. Further, the Steelwood Country Club Property shall mean the following areas shown on the plat of the Steelwood Master Plan: (i) the golf course; (ii) the Sporting Club, (iii) the Clubhouse; and (iv) any land and facilities adjacent to or in the vicinity of such land.

(cc) **"Steelwood Declaration"** shall mean the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions Applicable to Steelwood, Unit One, a Planned Unit Development as recorded in Miscellaneous Book

0095, Page 1449 of the records maintained in the Office of the Judge of Probate Court of Baldwin County, Alabama, as amended.

(dd) **"Steelwood Owner's Association"** shall mean and refer to The Steelwood Property Owners' Association, Inc., which may from time to time exercise control, as set forth herein, over the Lakeview at Steelwood development and the Subject Property.

(ee) **"Steelwood Planned Unit Development"** means the property described on the Land Use Plan for Steelwood as approved by Baldwin County, Alabama, as it may be amended from time to time.

(ff) **"Steelwood Property"** shall mean the property described in the Steelwood Declaration together with such additional property as may be subject to the Steelwood Declaration by amendments or supplemental declarations.

(gg) **"Utility Services"** shall include, but not be limited to, electrical power, water, telephone, cable, garbage and sewage disposal

1.02 Liens and Encumbrances. The Subject Property is subject to the following liens and encumbrances. The recording references for the documents and instruments listed herein are in the records maintained in the Office of the Judge of Probate Court of Baldwin County, Alabama, unless otherwise indicated.

(a) Reservation of all oil, gas and other minerals and all rights in connection therewith as contained in deed from United States Steel Corporation to International Paper Company dated January 3, 1975 and recorded in Deed Book 467, page 441 and re-recorded and corrected in Deed Book 471, page 757 and amended and modified by partial Release of Mineral and Surface Rights by USX Corporation (formerly United States Steel) to International Paper Realty Corporation by instrument dated July 2, 1991 and recorded in Real Property Book 429, page 1530.

(b) Covenants, restrictions, reservations, easements and rights relating to the use and occupancy of Steelwood, Unit One, dated October 1, 1997, and recorded in Miscellaneous Book 95, page 1449, and all amendments and supplements thereto.

(c) First Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions, applicable to Steelwood Unit One, a Planned Unit Development, dated December 1, 1998 and recorded in Miscellaneous Book 101, page 1971.

(d) Second Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to The Villas at Steelwood and Steelwood Unit Two, Phase I, a Planned Unit Development, dated July 9, 1999 and recorded at Instrument No. 501169.

(e) Subject to easement granted the property Owners Association of Steelwood, Inc., dated October 7, 1997 and recorded in Real Property Book 781, page 732.

(f) Articles of Incorporation of The Property Owners Association of Steelwood, Inc., dated October 7, 1997 and recorded in Miscellaneous Book 95, page 1496.

(g) Subject to the By-Laws and rules and regulations of The Property Owners Association of Steelwood, Inc., recorded in Miscellaneous Book 95, page 1507.

(h) Building setback line and drainage and utility line easements as shown on the recorded plat of said subdivision.

(i) Restrictive covenants relating to the use and occupancy of the property conveyed hereunder as set forth on the recorded plat of Unit Two, Steelwood, Phase II and all amendments thereto.

(j) Easement granted Baldwin County Electric Membership Corporation by Steelwood, Ltd., dated October 7, 1997 and recorded in Real Property Book 781, page 743.

(k) Easement granted Gulf Telephone Company by Steelwood, Ltd., dated October 7, 1997 and recorded in Real Property Book 781, page 737.

(l) Right of way conveyed to Baldwin County, Alabama by Steelwood, Ltd., dated October 7, 1997 and recorded in Real Property Book 781, page 722.

(m) Reservation with reference to oil, gas and other minerals, and all rights in connection therewith as contained in deed from IP Timberlands Operating Company, Ltd. to Steelwood, Ltd. dated January 6, 1998 and recorded in Real Property Book 799, page 903.

(n) Reservation of oil, gas and other minerals in, on and under said real property, together with all rights or easements in connection therewith, as have previously been reserved by or conveyed to others.

(o) Non-exclusive easement granted Gulf Telephone Company by Steelwood, Ltd. recorded in Instrument No. 513748.

(p) Third Supplement to and Amendment of the Declaration of Rights, Covenants Restrictions, Affirmative Obligations and Conditions applicable to Steelwood, Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, as recorded in Instrument No. 663282.

(q) Fourth Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, and Steelwood, Unit Three, as recorded in Instrument No. 688556.

(r) Fifth Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, Steelwood, Unit Three, and The Cabins at Steelwood, Phase II, as recorded in Instrument No. 720478.

(s) Sixth Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, Steelwood, Unit Three, The Cabins at Steelwood, Phase II, and Steelwood, Unit Four, as recorded in Instrument No. 771859.

(t) Seventh Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, Steelwood, Unit Three, The Cabins at Steelwood, Phase II, Steelwood, Unit Four, and Rabbit Run as recorded in Instrument No. 862035.

(u) Eighth Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, Steelwood, Unit Three, The Cabins at Steelwood, Phase II, Steelwood, Unit Four, Rabbit Run, and The Villas, Phase II as recorded in Instrument No. 867592.

(v) Ninth Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, Steelwood, Unit Three, The Cabins at Steelwood, Phase II, Steelwood, Unit Four, Rabbit Run, The Villas, Phase II, and the Circle at Steelwood as recorded in Instrument No. 896060.

(w) Tenth Supplement to and Amendment of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood Unit One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium,

Steelwood, Unit Three, The Cabins at Steelwood, Phase II, Steelwood, Unit Four, Rabbit Run, The Villas, Phase II, and the Circle at Steelwood as recorded in Instrument No. 903693.

(x) Eleventh Supplement to and Amendment of the Declarations of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood, Unite One, The Villas at Steelwood, Steelwood, Unit Two, Phase I, Steelwood, Unit Two, Phase II, The Cabins at Steelwood, and The Suites at Steelwood, a Condominium, and Steelwood, Unit Three, and the Cabins at Steelwood, Phase II, Steelwood, Unit Four, Rabbit Run, and The Villas, Phase II, The Circle at Steelwood, Lakeview at Steelwood, and Roans Creek at Steelwood, The Bluff at Steelwood, and Chapel Grove at Steelwood, and all amendments thereto as recorded in Instrument No. _____ in the Office of the Judge of Probate of Baldwin County, Alabama.

(y) Easement and right-of-way by Northbay Vineyards, Ltd. to IP Timberlands Operating Company, Ltd. Dated July 16, 1992 and recorded in Real Property Book 470, page 1690.

(z) Road Use Agreement by and between Northbay Vineyards, Ltd. and IP Timberlands Operating Company, Ltd. Dated July 16, 1992 and filed for record in Real Property Book 470, page 1705.

(aa) The Articles of Incorporation for Lakeview at Steelwood Property Owners' Association, Inc.

(bb) The By-Laws for Lakeview at Steelwood Property Owners' Association, Inc.

(cc) Consent to Lease and Rental and Waiver and Relinquishment of Certain Requirements Pertaining to Leases by Steelwood, Ltd., dated February 14, 2005, filed for record February 17, 2005 as Instrument Number 870940.

(dd) Reservation of oil, gas and other minerals, and all rights in connection therewith as contained in deed from Steelwood, Ltd. to CABB Development, LLC, dated May 24, 2005, filed for record in the Office of the Judge of Probate of Baldwin County, Alabama on June 2, 2005 as instrument number 896058.

(ee) A Perpetual non-exclusive Easement granted to the Lakeview at Steelwood Property Owners Association, Inc., in, under, over, across and above the subject property for installation and maintenance of drainage systems, carpaths and ingress and egress easements

(ff) This Declaration and any amendments thereto.

Article II

Plan of Development

2.01 Plan of Development of Property. The Property shall include the Common Areas, including roads, utility systems, drainage systems and other improvements serving the Lots and Dwellings, to the extent the same are from time to time installed and existing. The dimensions of the Lots are shown on the Development Plat. All Lots and Areas within the Development shall be and are hereby restricted exclusively to residential use and shall be subject to the standards and restrictions set forth in herein. Declarant shall have the right, but not the obligation, for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add additional property or any portion thereof to the Development, to make improvements and changes to all Common Areas and to all Lots or Dwellings owned by Declarant, including, without limitation, (i) installation and maintenance of any improvements in and to the Common Areas, (ii) changes in the location of the boundaries of any Lots or Dwellings owned by Declarant or of the Common Areas, (iii) installation and maintenance of any water, sewer and other utility systems and facilities, (iv) changes in the boundaries between the Steelwood Country Club Property and any portion of the Property owned by Declarant or between the Steelwood Country Club Property and any portion of any additional property, and (v) installation of security and/or refuse facilities, or additional cart paths or common cart storage areas.

2.02 Steelwood Country Club. The Steelwood Country Club is a private club, separate and distinct from the Association and governed by its own rules, regulations and requirements. The Steelwood Country Club and the Steelwood Country Club Property shall not be part of the Common Areas, and neither the Association nor any Owner shall have any right or privilege in and to the Steelwood Country Club or the amenities contained therein, including the right to enter upon or use the Steelwood Country Club facilities, except under such conditions and requirements as may be established by the Club Owner from time to time.

2.03 Interest Subject to Plan of Development. Every purchaser of a Lot or Dwelling shall purchase such Lot or Dwelling and every Mortgagee and lien holder holding a security interest therein shall take title, or hold such security interest with respect thereto, with notice of Declarant's plan of development as herein set forth, and Declarant shall have and does hereby specifically reserve the right to add additional property or any portion or portions thereof to the Development as hereinabove provided, and, with respect to each Lot or Dwelling located within any additional property, to convey to the Purchaser thereof the title to the Lot or Dwelling and its appurtenant membership and voting rights in the Association. Any provision of this Declaration to the contrary notwithstanding, the provisions of the foregoing plan of development set forth in this Article II may not be abrogated, modified, rescinded, supplemented or amended in whole or in part without the prior written consent of Declarant.

Article III Property Rights

3.01 General. Each Lot or Dwelling shall be conveyed, transferred and encumbered subject to the provisions of this Declaration, and the Steelwood Owners Association Declaration and any Amendments thereto. Each Owner shall be entitled to the exclusive ownership and possession of his Lot or Dwelling, subject to the provisions of this Declaration, including without limitation, the provisions of this Article III. Any chutes, flues, ducts, conduits, wires, pipes, plumbing or any other apparatus or facilities for the furnishing of utilities or other services to a Lot or Dwelling which lie on or partially on and partially outside of the designated boundaries of the Lot, or any portions thereof which serve only such Lot or Dwelling, or any portions thereof which serve more than one Lot, Dwelling, or any portion of the Common Areas, shall be deemed to be a part of the Common Areas. The ownership of each Lot and Dwelling shall include, and there shall pass with each Lot and Dwelling as an appurtenance thereto, whether or not separately described, all of the right and interest in and to the Common Areas as established hereunder, which shall include, but not be limited to, membership in the Association. Each Owner shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of a Lot or Dwelling ceases for any reason, at which time his membership in the Association shall automatically pass to his successor-in-title to his Lot or Dwelling, and upon such transfer, such former Owner shall simultaneously transfer and endorse to his successor-in-title any certificates or other evidences of his membership in the Association. Lots shall not be subdivided, and, except as provided herein and, the boundaries of Lots shall remain as established by the Subdivision Plat. Nothing herein shall allow the addition to an existing Lot of a portion of another Lot or of one or more entire Lots. However, the Declarant has the option to add additional property pursuant to the terms of this Declaration.

3.02 Lot or Dwelling Ownership. Each Lot or Dwelling Owner shall be entitled to the exclusive ownership and possession of his Lot or Dwelling. Subject to the terms and conditions of this Declaration, each Lot or Dwelling Owner shall have the unrestricted right of ingress and egress over and across the Common Elements to his Lot or Dwelling, which right shall be an appurtenance to his Lot or Dwelling. The private elements of each Lot or Dwelling shall consist of the following:

- (a) The air space of the area of the Building lying within the Dwellings boundaries.
- (b) The surfacing materials on the interior of the exterior walls and the interior of the Dwelling.
- (c) The structural components and surfacing materials of all interior walls located within the boundaries of the Dwelling.

(d) The structural components and surfacing materials of the floors and ceilings of the Dwelling.

(e) All bathtubs, toilets and sinks, the range, refrigerator, dishwasher, hot water heater, air conditioning and heating units, lighting fixtures and all hardware and interior and exterior wall fixtures except those exterior lighting fixtures required by the Association or as called for in this Declaration, and the power meter and its appurtenances.

(f) All interior trim and finishing materials.

(g) Exterior steps, ramps, handrails, stairs and stairwells.

3.03 Interior Surfaces. A Lot or Dwelling Owner shall own the structural components of said Dwelling as well as the perimeter walls, the windows and doors bounding the Dwelling. A Lot or Dwelling Owner shall also own and shall have the exclusive right and duty to repair and maintain, paint, repaint, tile, wax, paper or otherwise finish and decorate the surfacing materials on the interior of exterior walls and on interior walls, and the surfacing materials of the floors of his Dwelling; all window screens; and all appurtenant installations, including all pipes, ducts, wires, cables and conduits used in connection therewith, for services such as power, light, telephone, sewer, water, heat and air conditioning, when located within the exterior boundaries of said Dwelling, and all ceilings and partition walls. An Owner shall have the exclusive right and duty to wash and keep clean the interior and exterior surfaces of windows and doors of his Dwelling.

3.04 Common Elements. Any right, title or interest in a Lot or Dwelling shall automatically carry with it a right to the Common Elements in conjunction with the other Lot or Dwelling Owners. The Common Elements of the Development are all portions of the Subject Property other than the Lot or Dwelling and will include the common areas and facilities located substantially as shown on the Plans. Such common areas and facilities will include the following:

(a) All of the Subject Property other than the Dwellings.

(b) All improvements and parts of the Property which are not a Lot or Dwelling or a private element as described herein.

(c) All parking areas (even though assigned to the exclusive use of a Lot or Dwelling or located on a particular Lot).

(d) The mechanical systems and installations providing service to the Buildings, if any, or to any Dwelling, such as electrical power, telephone, cable, light, hot and cold water, heating and air conditioning, sanitary and storm sewer facilities and including all lines, pipes, ducts, flues, chutes, conduits, cables, wires and all other apparatus and installations in connection therewith, whether located

in the Common Elements or on the Lots, except when situated entirely within a Dwelling or when installed only for the benefit or for service only of that Dwelling.

(e) All tangible personal property required for the maintenance and operation of the Development and for the common use and enjoyment of the Lot or Dwelling Owners.

(f) Recreation areas and facilities.

(g) Lawn areas, landscaping, walkways, cart paths, common cart storage areas, sidewalks and curbs.

(h) All tanks, pumps, pump houses, wells, motors, fans, compressors and control equipment, fire fighting equipment, and garbage equipment which are not reserved for the use of certain Owners.

(i) All area outdoor and exterior lights and light fixtures.

(j) All other parts of the subject Property existing for the common use or necessity of the existence, maintenance and safety of the Development.

3.05 Private Amenities. As defined herein, the Private Amenities are the Steelwood Country Club and Steelwood Lake and any other property described or defined in the Steelwood Declaration that is not a part of the and/or is not a General Common Area owned, operated, or controlled by the Association. Neither membership in the Association or the Steelwood Association, nor ownership or occupancy of a Lot or Dwelling shall confer any ownership interest in or right to use the Private Amenities. Rights to use the Private Amenities will be granted only to such persons and on such terms and conditions, as may be determined from time to time by the respective owners of the Private Amenities. The owners of the Private Amenities shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Private Amenities, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether. The Private Amenities may or may not be used by the general public, at the sole discretion of the owners of the Private Amenities.

3.06 Owner's Easement of Enjoyment. Subject to the provisions of this Declaration and the rules, regulations, fees and charges from time to time established by the Board of Directors in accordance with the By-Laws and the terms hereof, every Owner, his family, and guests shall have a non-exclusive right, privilege and easement of use and enjoyment in and to the Common Areas, such easement to be appurtenant to and pass and run with title to each Lot or Dwelling, subject to the following provisions:

- (a) The right of the Association to borrow money (i) for the purpose of improving the Common Areas, or any portion thereof, (ii) for acquiring additional Common Areas, (iii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Common Areas, or (iv) for providing the services authorized herein, and, subject to the provisions herein, to give as security for payment of any such loan a mortgage or other security instrument covering all or any portion of the Common Areas; provided, however, that the lien and encumbrances of any such security instrument given by the Association shall be subject and subordinate to any and all rights, interests, options, licenses, easements and privileges herein reserved or established for the benefit of Declarant, any Owner, the Club Owner or the holder of any mortgage, irrespective of when such mortgage is executed or given.
- (b) The rights and easements reserved to Declarant herein.
- (c) The right of the Association to grant and accept easements as provided herein and to dedicate or transfer fee simple title to all or any portion of the Common Areas to east Baldwin County, Alabama, or to any other public agency or authority, public service district, public or private utility, or other person, provided that such transfer of the fee simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the Association and by Declarant, for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development.
- (d) The rights and easements reserved in Section 3.09 thereof for the benefit of the Association, its directors, officers, agents and employees.
- (e) The rights and easements reserved in Section 3.11 hereof for the benefit of any additional property.
- (f) The rights and easements reserved to Club Owner with respect to the Steelwood Country Club in Section 3.19.

3.07 Recreational Facilities. Subject to the terms and provisions of this Declaration and the rules, regulations, fees and charges from time to time established by the Board of Directors, every Owner and his family, and guests shall have and is hereby granted the non-exclusive right, privilege and easement of access to and the use and enjoyment of the recreational area and amenities as are now or hereafter located in the Common Areas.

3.08 Access. All Owners, by accepting title to Lots or Dwellings conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Lot or Dwelling, and acknowledge and agree that such

access, ingress, and egress shall be limited to the gated access, roads, cart paths, common cart storage areas, sidewalks, walkways and trails located within the Development from time to time, provided that pedestrian and vehicular access to and from all Lots and Dwellings shall be provided at all times. In order to provide such access, Declarant, subject to the terms and provisions of this Declaration and the rules, regulations, fees and charges from time to time established by the Board of Directors, does hereby grant unto the Owners of any Lot or Dwelling a non-exclusive easement of passage over those streets, cart paths and/or pedestrian paths designated on any one or more Subdivision Plats of the Property and the streets, cart paths or pedestrian paths designated on subsequent Subdivision Plats of Additional Property submitted to this Declaration. There is reserved unto Declarant, the Association and their respective successors and assigns at the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Development.

3.09 Easement for Declarant. During the period that Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, Declarant shall have an alienable and transferable real right and easement on, over, through, under and across the Common Areas for the purpose of constructing Dwellings and other improvements in and to the Lots and for installing, maintaining, repairing and replacing such other improvements to the Property (including any portions of the Common Areas) as are contemplated by this Declaration or as Declarant desires, in its sole discretion, including, without limitation, any improvements or changes permitted and described by Article II hereof, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event shall Declarant have the obligation to do any of the foregoing. In addition to the other rights and easements set forth herein and regardless of whether the Additional Property or any portion thereof to the Development, Declarant shall have an alienable, transferable and perpetual right and easement to have access, ingress and egress to the Common Areas and improvements thereon for such purposes as Declarant deems appropriate, provided that Declarant shall not exercise such right so as to unreasonably interfere with the right of Owners in the Development to the use of the Common Areas.

3.10 Easement by the Declarant to Adjacent Properties. The Declarant, its successors and assigns, reserves a perpetual nonexclusive easement for access, ingress and egress in, over and through all roads, access routes, parking areas, and other Common Areas for its guests, licensees, lessees, customers and employees to and from any adjacent and contiguous property for the purpose of real estate sales, leasing, management, construction, improvement and marketing activities which may be reasonably necessary for the Declarant, its successors and assigns, to conduct its business. Additionally, the Declarant, its successors and assigns, may designate one or more locations in any wall, fence, or partition located on or around the perimeter of the Property to be used for access to and from any adjacent or contiguous property. All right, title and interest of the Declarant in and to this perpetual easement may be assigned or conveyed without the prior permission or approval of the Association to any successor or assign of Declarant.

3.11 Changes in Boundaries; Additions to Common Areas. Declarant expressly reserves for itself and its successors and assigns, the right to change and realign the boundaries of the Common Areas, any Lots or Dwellings owned by Declarant, and, with the written consent of Club Owner, the Steelwood Country Club, and Steelwood, LTD., including the realignment of boundaries between adjacent Lots or Dwellings owned by Declarant, provided that any such change or realignment of boundaries shall not materially decrease the acreage of the Common Areas and shall be evidenced by a revision of or an addition to the Subdivision Plat which shall be recorded in the Map Records in the Office of the Judge of Probate of Baldwin County, Alabama. In addition, Declarant reserves the right, but shall not have the obligation, to convey the Association at any time and from time to time any portion of exceptions set forth herein. Furthermore, Declarant reserves for itself, its affiliates, successors and assigns the right, but shall not have the obligation, to convey, without warranty, to the Association at any time and from time to time, as an addition to the Common Areas, either full ownership or a perpetual easement of use, such other portion of the Development owned by Declarant as it, in its discretion, shall choose.

3.12 Easements for Utilities and Public Services.

- (a) There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable and perpetual right and easement, as well as the power to grant and accept easements to and from Baldwin County, Alabama, or any other public authority, or agency, public service district, public or private utility or other person, upon, over, under and across all of the Common Areas and in portions in which Dwellings are not constructed or erected, and for the purpose of installing, replacing, repairing, maintaining and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to storm sewers and drainage systems and electrical, gas, telephone, water and sewer lines. Such easements may be granted or accepted by Declarant, its successors or assigns, or by the Board of Directors, provided, however, that for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, the Board of Directors must obtain the written consent of the Declarant prior to granting and accepting any such easements. To the extent possible, all utility lines and facilities serving the Development and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permissible for the providing utility company or other supplier of services, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes or shrubbery, (iii) to grade, excavate or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement and use of such utilities and systems.

- (b) Declarant hereby grants to the City of Loxley and/or Baldwin County, Alabama, or such other governmental authority or agency as shall from time to time have jurisdiction over the Development with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over and across all of the Common Areas for purposes of performing such duties and activities related to law enforcement and fire protection in the Development as shall be required or appropriate from time to time by such governmental authorities under applicable law.

3.13 Easements for Walks, Cart Paths, Common Cart Storage Areas, Trails, Signs and Perimeter Wall. There is hereby reserved for the benefit of Declarant, the Association and their respective successors and assigns, the alienable, transferable and perpetual right and easement upon, over and across those strips of land twenty (20) feet in width located along and contiguous to the boundaries of each Lot within the Development for the installation, maintenance and use of sidewalks, traffic directional signs and related improvements, provided that Declarant shall have no obligations to construct any such improvements. There is further reserved for the benefit of Declarant, the Association and their respective successors and assigns, the alienable, transferable and perpetual right and easement upon, over and across those strips fifteen (15) feet in width located along those boundaries of all Lots and Dwellings that constitute part of the perimeter boundary of the Development, such easement to be for the purpose of constructing, installing, replacing, repairing and maintaining a perimeter wall, fence or any other structure or path around the perimeter boundary of the Development, provided that Declarant shall have no obligation to construct any such perimeter wall, fence or path. If additional property is added to the Development, Declarant may unilaterally revoke the fifteen (15) foot easement for a perimeter wall or fence if, after submission of such Additional Property to the Development, a Lot or Dwelling is no longer part of the perimeter boundary of the Development.

3.14 Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its directors, officers, agents and employees, including, but not limited to, any manager employed by the Association and any employees of such manager, to enter upon any Lot, Dwelling or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the Owner, Occupant of the Lot, or Dwelling directly affected hereby.

3.15 Sales and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant and its successors and assigns the alienable and transferable right and easement in and to the Property for the maintenance of signs, sales offices, construction offices, business offices and model Dwellings, together with such other facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the completion, improvement and/or sale of Lots, Dwellings or Common Areas, for so long as Declarant

owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development. The easement provided in this paragraph shall terminate with respect to any Lot or Dwelling ipso facto upon the sale of such Lot or Dwelling by Declarant to a third party.

3.16 Maintenance Easement. Subject to the terms as contained in this Declaration:

- (a) There is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement to enter upon any Lot and upon unimproved portions of any Dwelling for the purpose of moving, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety and appearance within the Development, provided that such easements shall not impose any duty or obligation upon Declarant or the Association to perform any such actions.
- (b) There is hereby further reserved unto Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement over and across that portion of any Lot within twenty (20) feet of the edge of any Lot for the purpose of maintaining any path or common cart storage area on the Subject Property or Steelwood County Club Property.

3.17 Environmental Easement. There is hereby reserved for the benefit of Declarant, the Association and their respective agents, employees, successors and assigns, an alienable transferable and perpetual right and easement on, over and across all Lots and all unimproved portions of Dwellings for the purpose of taking any action necessary to effect compliance with environmental rules, regulations and procedures from time to time promulgated or instituted by the Board of Directors or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides.

3.18 Golf Course Easement. The Property is subject to and burdened with a Golf Course Easement more particularly described in the Steelwood Declaration. Said Golf Course Easement permits, among other things, the owner or lessee of the Steelwood Country Club, its employees, agents, guests or invitees to enter upon the Property for the purpose of maintaining the golf course located adjacent to the Property. The Golf Course Easement also provides, among other things, for golfers to enter upon the Property for the purposes of retrieving or playing errant golf balls.

3.19 Easements for Steelwood Country Club Property. There is hereby reserved for the benefit of the Club Owner, its successors, assigns and successors-in-title

with respect to the Steelwood Country Club Property, the following transferable, alienable and perpetual rights and easements:

- (a) Utility Easements. The right and easement for the instillation, maintenance, repair, replacement and use within the Common Areas and those portions of Lots and Dwellings encumbered pursuant to Section 3.12 hereof of security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers and electrical, gas, telephone, water, sewer and master television antenna and/or cable system lines, and the right and easement for the drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Property or any improvements from time to time located thereon, such rights to be limited and restricted as set forth in Section 3.12 hereof.
- (b) Pedestrian and Golf Cart Paths. The right and easement on, over and across the Common Areas, the Lots and the Dwellings described herein for all members, guests and other authorized users of the golf course located on the Steelwood Country Club Property for the use of pedestrian and golf cart paths located in such portions of the Development and serving the golf course located on the Steelwood Country Club Property.
- (c) Construction, Maintenance and Repair. The right and easement on, over, through, under and across the Common Areas and the portions of the Lots and Dwellings described herein for the purpose of constructing such improvements on the Steelwood Country Club Property, or such portions of the Development as Club Owner shall desire from time to time, and for maintaining, repairing and replacing such improvements, provided that the only such improvements to be constructed on such portion of the Development shall be the pedestrian and golf cart paths described herein, and related directional signage, and, provided further, Club Owner shall not use such easement so as to unreasonably interrupt or interfere with any Owner's use of the Common Areas, the Lots and the Dwellings and shall promptly repair and restore any damage to the Common Areas, the Lots and the Dwellings caused by the use of the right and easement granted herein. In addition, there is hereby reserved for the benefit of Club Owner, its agents, employees, successors and assigns, the right and easement to enter upon any unimproved portions of Lots or Dwellings which are located within thirty (30) feet from the water's edge of any lake, pond or other body of water located on the Steelwood Country Club Property, for the purpose of mowing such area and keeping the same free and clear from unsightly growth and trash, as well as for the purpose of maintaining such bodies of water, such maintenance to include, without limitation, dredging and the maintenance of reasonable water quality standards.

- (d) Golf Course Maintenance. The non-exclusive right and easement over and across the portions, of the Common Areas, each Lot and all unimproved portions of each Dwelling which are contiguous to the fairways and greens of the golf course or courses located on the Steelwood Country Club Property. This reserved right and easement shall permit, but shall not obligate, Club Owner and its agents, employees, successors and assigns with respect to the Steelwood Country Club Property, to go upon any such portions, of the Common Areas and each Lot or Dwelling to maintain or landscape the area encumbered by such easement. Such maintenance and landscaping shall include planting of grass, watering, application of fertilizer, mowing and the removal of underbrush, stumps, trash or debris, and trees of less than six (6) inches in diameter. The area encumbered by this easement shall be limited to the portion of the Common Areas and such Lots or Dwellings which are contiguous to such fairways or greens or contiguous to lakes, ponds or other bodies of water abutting the golf course; provided, however, the entire Lot and all unimproved portions of such Dwelling shall be subject to such easement until the landscaping plan for such Lot or Dwelling has been approved and implemented pursuant hereto.
- (e) Entry by Golfers. Each Lot or Dwelling and any portion of the Common Areas which are contiguous to a golf fairway or green located on the Steelwood Country Club Property shall be subject to the right and easement on the part of registered golf course players and their caddies to enter upon the thirty (30) feet of such Lot immediately contiguous to the golf course or the Common Areas to remove a ball, with such entering not being deemed to be a trespass. Golf course players or their caddies shall not be entitled to enter any such Lots, Dwellings or portions of the Common Areas with a golf cart or other vehicle, nor to spend an unreasonable amount of time on any such Lot, Dwelling or the Common Area, or in any way commit a nuisance while on any such portion of the Development.
- (f) Landscaping. In addition to the provisions herein, the landscaping plan for any Lots or Dwellings and the portions of the Common Areas contiguous to any golf course located on the Steelwood Country Club Property shall be in strict conformity with the overall landscaping plan of such golf course, and shall be subject to Club Owner's prior right of approval, which approval shall not be unreasonably withheld. To promote a suitable and attractive open space atmosphere, no solid line of fence, wall, building or shrubbery will be permitted within any portion of those Lots, Dwellings or portion of the Common Areas which are contiguous to the fairways or greens of such golf course. There is hereby reserved over and across such thirty (30) foot portion of those Lots, Dwellings and Common Areas the right and easement of light, air and view for the benefit of the adjacent golf course located on the Steelwood Country Club

Property.

- (g) Access. The non-exclusive right and easement of passage over all streets designated on the Subdivision Plat or subsequent Subdivision Plats for Additional Property submitted to this Declaration. This easement shall permit the Club Owner, its agents, employees, successors and assigns and members, guests or invitees of the Club Owner or Club Members to traverse said streets while traveling to and from the Steelwood Country Club or while engaging in Steelwood Country Club activities or business.

3.20 No Partition. To the maximum extent permitted by Alabama law, there shall be no judicial partition of the Development or any part thereof, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this Declaration.

Article IV Membership

4.01 Membership. Every Owner shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Dwelling, and ownership of a Lot or Dwelling shall be the sole qualification for such membership. In the event that ownership of a Lot or Dwelling is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto shall automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee, notwithstanding any failure of transferor to endorse his transferee any certificates or other evidences of such membership. The foregoing is not intended to include mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate or otherwise affect an Owner's membership in the Association. Notwithstanding any of the foregoing to the contrary, no Owner, whether one or more persons, shall have more than one membership per Lot or Dwelling. In the event of multiple Owners of a Lot or Dwelling votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote and hold an office in the Association, may be exercised by a member or a member's spouse, but in no event shall more than one vote be cast or more than one office held for each Lot or Dwelling, and further provided that a member casting a vote or holding an office with respect to his Dwelling shall not be entitled to cast an additional vote or to hold an additional office for the Lot upon which his residential unit is located. When more than one person holds an interest in any Lot or Dwelling, the vote for such Lot or Dwelling shall be exercised as those Owners of such Lot or Dwelling themselves determine and advise the Secretary or an Assistant Secretary of the Association prior to any meeting. In the absence of such advice, the vote appurtenant to such Lot or Dwelling shall have one vote. Such voting weight shall continue to be equal upon the addition of all or a portion of the Additional Property to the Development, and each Lot or Dwelling therein shall have one vote. Each Owner, by acceptance of a deed

or other conveyance for a Lot or Dwelling, consents and agrees to the dilution of his voting interest in the Association by virtue of the submission from time to time of the Additional Property or any portion thereof to the terms of this Declaration as provided herein.

Article V

Use and Common Expenses

5.01 Use. Each Lot or Dwelling Owner shall have the right to use the Common Elements in conjunction with the Owners of other Lots or Dwellings as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the . The right to use the Common Elements shall be subject to and governed by the provisions of Declaration and the Rules and Regulations of the Association. In addition the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements subject to the provisions of the Declaration and By-Laws.

5.02 Share of Common Expenses. Each Lot or Dwelling Owner shall be assessed and is individually liable for a share of the Common Expenses. Payment of Common Expenses shall be in such amounts and at such times as determined in the By-Laws. Assessments shall be collected by the Association on an annual basis or as otherwise determined by the Board. No Lot or Dwelling Owner shall be exempt from payment of his or her proportionate share of the Common Expenses by waiver or non-use or non-enjoyment of the Common Elements, or by abandonment of his Lot or Dwelling. Common Expenses include but shall not necessarily be limited to expenditures made or liabilities incurred by the Association, together with payments or obligations to reserve accounts.

Article VI

Maintenance

6.01 Maintenance by the Association. The Association is responsible for maintenance, repair and replacement of the Common Elements.

6.02 Maintenance by Lot or Dwelling Owner. Each Lot or Dwelling Owner is responsible for the maintenance, repair and replacement of his Dwelling as set forth herein.

6.03 Addition, Alteration and Improvement of the Common Elements. Except as to the Rights provided for in this Declaration and except as provided below, after the completion of the improvements included in the Common Elements which are contemplated by this Declaration, there shall be no addition, alteration, change or further improvement of Common Elements without prior approval of the Association.

6.04 Covenants of Lot or Dwelling Owner. Each Owner covenants and agrees as follows:

(a) To perform all maintenance, repairs and replacements that are the obligations of the Owner under this Declaration.

(b) Except as provided below, to pay for all the utilities, including electricity, telephone, water, sewer and cable television of the Owner used within the Lot or Dwelling and all taxes levied against the Lot or Dwelling Owner. Provided, however, the Association shall be responsible to pay for all common charges, including any additional assessments from the Steelwood Owner's Association.

(c) Not to make, or cause to be made, any repairs to any plumbing, heating, ventilation or air conditioning systems located outside the Dwelling of the Owner but required to be maintained by the Owner pursuant to the provisions hereof, except by licensed plumbers or electricians authorized to do such work by the Association or its agent.

(d) Not to make any addition or alteration to a Dwelling or to the Common Areas or to do any act that would impair the structural soundness or safety of any part of the Subject Property. Structural alterations within a Dwelling may be made only with the written consent of the Association.

(e) To make no alterations, additions, improvements, repairs, replacements or changes to the Common Areas or to any outside or exterior portion of the Dwelling, specifically including, but not limited to enclosing porches, installing exterior doors or affixing outside shutters to windows, without the prior written consent of the Association. If consent is granted, the Owner shall use only a licensed contractor who shall comply with the Rules and Regulations with respect to the work which may be adopted by the Association. The Owner shall be liable for all damages to another Lot or Dwelling and to the Areas caused by any contractor employed by such Owner or by the subcontractor or employees of such contractor, whether said damages are caused by negligence, accident or otherwise.

(f) To allow the Association, its delegates, agents or employees at all reasonable times to enter into any Dwelling for the purpose of maintaining, inspecting, repairing or replacing common elements or for repairing, maintaining or replacing any plumbing, heating, ventilation or air conditioning system located within such Dwelling; or to determine, in case of emergency, the circumstances threatening other Dwellings or Common Areas and to correct the same; or, to determine compliance with the provisions of the Association Documents.

(g) To promptly report to the Association any defects or needed repairs for which the Association is responsible.

(h) To reimburse the Association for any repairs or replacements which are made necessary because of abuse or negligent use by an Owner, the cost of such repair or replacement may be assessed against such Owner.

- (i) To comply with all of the obligations of an Owner under this Declaration.

6.05 Contracts for Maintenance. The Association may enter into a contract with any firm, person or corporation, or may join with other entities in contracting for the maintenance and repair of the Subject Property, and may delegate to such agent all or any portion of the powers and duties of the Association, except such as are specifically required by this Declaration or other Association Documents to have the approval of the Members of the Association. This Section shall be subject to the provisions of set out above.

6.06 Exterior Surface. The Association shall determine the exterior color scheme of the entire Development and for each individual Dwelling located on the Subject Property, as well as mandate and regulate all other exterior surface matters, including but not limited to the type, specification and color of all painted surfaces, type specifications and color or all roofing/shingle materials, type specifications and color or all exterior lighting fixtures, as well as a maintenance schedule and/or replacement/repainting schedule for same, subject to the terms and conditions of the Steelwood Declaration, and shall be responsible for the maintenance thereof, except as may be otherwise provided for herein. No Lot or Dwelling Owner shall paint any exterior surface or add or replace any thing pertaining to the exterior of said Dwelling or affix thereto without the written consent of the Association and the Steelwood Owners' Association. All exterior surface maintenance shall be the responsibility of the Association, or as the Association shall so designate and shall be in conformity with this Declaration.

6.07 Additional Responsibilities of the Association. Unless specifically identified herein, by the Association, or by the Steelwood Owners' Association as being the responsibility of the Owner, all maintenance and repair of all lawns, landscaping and grounds on, between and within any Lot or Dwelling shall be the responsibility of the Association and shall be in compliance with this Declaration and the requirements of the Steelwood Owners' Association. The repair of all Common Areas (including all landscaping and grounds and all recreational facilities and other improvements), shall be maintained in a neat, clean and sanitary condition, and such responsibility shall include the maintenance and care of all exterior surfaces of all Dwellings, buildings and other structures and all lawns (cut to a maximum height of six (6) inches), trees, shrubs, hedges, grass and other landscaping.

As provided herein, each Owner shall be obligated to pay for the costs incurred by the Association or the Steelwood Property Owners' Association for repairing, replacing, maintaining or cleaning any item which is responsibility of an Owner, if such Owner fails or refuses to discharge said responsibility. No Owner shall (i) decorate, change or otherwise alter the appearance of any portion of the exterior of a Dwelling or the landscaping, grounds or other improvements within a Lot unless such decoration, change or alteration is first approved, in writing, by the Architectural Review Committee as provided herein, or (ii) do any work which, in the reasonable opinion of the Architectural Review Committee, would jeopardize the soundness, safety and aesthetic value of the

Development, or reduce the value thereof, or impair any easement thereto, without in every such case obtaining the written approval of the Architectural Review Committee or the Club Owner, as the case may be, directly affected thereby or benefiting from such easement.

Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Subject Property, which responsibility shall include the maintenance, repair and replacement of (i) all roads, paths, cart paths, common cart storage areas, walks, trails, parking areas, landscaped areas, recreational areas and other improvements situated within the Subject Property, (ii) such security systems which are a part of the Common Areas and which are not maintained by the public authority, public service district, public or private utility or other person, and (iii) all lawns, trees, shrubs, hedges, grass and other landscaping situated within or upon the Subject Property. The Association shall not be liable for injury or damage to any person or property (A) caused by the elements or by any Owner or any other person, (B) resulting from any rain or other surface water which may leak or flow from any portion of the Common Areas, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of the Common Areas or any other portion of the property. No diminution or abatement of the assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments being a separate and independent covenant on the party of each Owner.

In the event that Declarant, the Board of Directors or the Steelwood Owners' Association determines that: (i) any Owner has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair or replacement of items for which he is responsible hereunder, or (ii) that the need for maintenance, cleaning, repair or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner, his family, guests or invitees, and is not covered or paid for by insurance in whole or in part, then in either event, Declarant, the Association, or the Steelwood Owners' Association, except in the event of an emergency situation, may give such Owner written notice of Declarant's, the Association's or Steelwood Owners' Association's intent to provide such necessary maintenance, cleaning, repair or replacement, at the sole cost and expense of such Owner, as the case may be, shall have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair or replacement, and diligently proceed to

complete the same in good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, Declarant, the Association or the Steelwood Owners' Association may provide (but shall not have the obligation to so provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner, as the case may be, and said cost shall be added to and become a part of the assessment to which such Owner and his Lot or Dwelling are subject and shall become a lien against such Lot or Dwelling. In the event that Declarant or the Steelwood Owners' Association undertakes such maintenance, cleaning, repair or replacement, the Association shall promptly reimburse Declarant or the Steelwood Owners' Association for such cost and expenses.

The Association shall pay all property taxes assessed against the Common Areas and shall maintain liability insurance for accidents or damage occurring on said Common Areas or as a result of conditions thereon. Said policies of insurance shall be in amounts of at least Two Million and No/100 (\$2,000,000.00) Dollars and shall name Declarant as an additional insured and a certificate of insurance shall be furnished to Declarant.

Article VII

Insurance and Casualty Losses

7.01 Insurance.

- (a) The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.
- (b) The Board or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.
- (c) The Board or its duly authorized agents shall have the authority and may obtain (i) worker's compensation insurance to the extent necessary to comply with any applicable laws, and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.
- (d) All insurance coverage obtained by the Board of Directors shall be written

in the name of the Association for the benefit of each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the provision hereinafter set forth:

- (i) All Policies shall be written with a company licensed to do business in the State of Alabama and holding a rating of A-XI or better in such financial categories as established by Best's Insurance Reports, if such a company is available, or in for available, its equivalent rating or the best rating possible.
- (ii) All property insurance policies shall be for the benefit of the Owners and their Mortgagees as their interests may appear.
- (iii) All policies shall contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any mortgagee to which a mortgagee endorsement has been issued.
- (iv) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their mortgagees, and all policies shall contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual Owners or mortgagees.
- (v) All policies shall contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners, and their respective families, servants, agents, tenants, guests and invitees, including, without limitation, the Association's manager.
- (vi) All policies shall contain a provision that no policy may be cancelled, invalidated or suspended on account of the conduct of one or more of the individual Owners, or their respective families, servants, agents, employees, tenants, guests and invitees, or on account of the acts of any director, officer, employee or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowances

of a reasonable time thereafter within which the defect may be cured.

- (vii) All liability insurance shall contain cross-liability, liability endorsements to cover liability of the Association to an individual Owner.
- (e) It shall be the individual responsibility of each Owner as his own expense to provide public liability, property damage, title and other insurance with respect to his own Lot and Dwelling. The Board of Directors may require all Owners to carry public liability and property damage insurance with respect to their respective Lots and Dwellings and to furnish copies or certificates thereof to the Association.

7.02 Damage or Destruction to Common Areas. Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article VII, means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the fire or other casualty. Unless within sixty (60) days following any damage or destruction to all or a part of the Common Areas, Declarant, for so long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add any additional property or any portion thereof to the Development, together with at least seventy-five percent (75%) of the total vote of the Association, shall otherwise agree, the Association shall restore or replace such damaged improvements. If the insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special assessment against all Owners, without the necessity of a vote pursuant to Section 9.04 hereof, such special assessment to be in an amount sufficient to provide funds to pay such excess cost of repair or reconstruction. Such a special assessment shall be levied against the Owners equally in the same manner as annual assessments are levied, and additional assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payments for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty shall be cleared and the Common Areas left in a clean, orderly, safe and sightly condition.

7.03 Damage or Destruction to Lots or Dwellings. In the event of damage or destruction by fire or other casualty to any Lots or Dwellings, and in the further event that the Owner of such Lot or Dwelling, elects not to repair or rebuild the damaged or destroyed Lot or Dwelling, such Owner shall repair or rebuild such Lot, Dwelling or other improvements to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions and provisions of this Declaration (including, without limitation, Article XI hereof) and all applicable zoning, subdivision, building and other governmental regulations. All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

7.04 Plans. Any reconstruction or repair must be substantially in accordance with this Declaration and in accordance with the Plans for the original improvements or as the Dwelling was last constructed; or if not, then according to Plans approved by the Board Of Directors of the Association and by one hundred percent (100%) of the Owners and with the approval of the Steelwood Owners' Association.

7.05 Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair of the Dwelling or Common Areas by the Association, Assessments shall be made against the Owners who own the damaged Property and against all Owners in the case of damage to Common Areas and facilities in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient Assessments shall be made against the Owners who own the damaged property and against all Owners in the case of damage to Common Areas and facilities in sufficient amounts to provide funds for the payment of such costs. Such Assessments against Owners for reconstruction and/or repair of damage to said property shall be in proportion to the cost of reconstruction and repair of their respective property. Such Assessments for reconstruction and/or repair of damage to Common Areas and facilities shall be in proportion to the share of the Owner in the Common Areas. Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as provided for Assessments elsewhere herein.

7.06 Construction Funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible, which shall consist of proceeds of insurance held by the Association as Insurance Trustee and funds collected by the Association from Assessment against Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the following manner and order:

(a) **Disbursement.** The construction fund shall be disbursed in payment of such costs on the order and in the manner provided by the Board Of Directors of the Association.

(b) **Owner.** If there is a balance of insurance proceeds after the payment of the cost of reconstruction and repair that are the responsibility of the Association,

this balance shall be distributed to Owners of damaged property who are responsible for the reconstruction and repair of the damaged portions of their Dwelling. The distribution to each Owner shall be made in the proportion that the estimated costs of reconstruction and repair of such damage to his property bears to the total of such estimated costs in all damaged property. However, no Owner shall be paid an amount in excess of such estimated cost for his property. If there is a first Mortgagee, the distribution shall be paid to the Owner and to the first Mortgagee jointly.

(c) Surplus. It shall be presumed that the first moneys distributed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial Owners of the fund Eminent Domain.

Article VIII

Condemnation/Eminent Domain

8.01 Condemnation/Eminent Domain - Common Areas. Whenever all or any part of the Common Areas of the Development shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting on the agreement of at least seventy-five (75%) percent of the total vote of the Association (which conveyance may only occur with the approval of Declarant, for so long as Declarant owns a Lot or Dwelling primarily for the purpose or has the unexpired option to add the Additional Property or any portion thereof to the Development) the award or proceeds made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

- (a) If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking Declarant, for so long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, together with at least seventy five (75%) percent of the total membership of the Association, shall otherwise agree, the Association shall restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Board of Directors, the Architectural Review Committee and by Declarant, for so long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special assessment against all Owners, without the

necessity of a vote pursuant to Section 10.04 hereof, such special assessment to be in an amount sufficient to provide funds to pay such excess costs of repair or reconstruction. Such a special assessment shall be levied against the Owners equally in the same manner as annual assessments are levied, and additional special assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association.

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

8.02 Condemnation/Eminent Domain - Lots or Dwellings

- (a) In the event that all or any part of a Lot or Dwelling is taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof, and in the further event that the Owner of such Lot or Dwelling responsible for the maintenance and repair of each Lot or Dwelling elects not to restore the remainder of the Lot or Dwelling, then such Owner making such election shall promptly clear away any remaining improvements damaged or destroyed by such taking or conveyance and shall leave such Lot or Dwelling and any remaining undamaged improvements thereon in a clean, orderly, safe and sightly condition. In addition, if the size or configuration of such Lot or Dwelling remaining after such taking or conveyance is insufficient to permit the restoration of the remaining improvements thereon or therein to their condition prior to such taking or conveyance in compliance with all applicable standards, restrictions and provisions of this Declaration and all applicable zoning, subdivision, building and other governmental regulations, then such Owner shall have the option, after clearing away all remaining improvements or portions thereof and placing the remainder in a clean, orderly, safe and sightly condition referred to above, of deeding the remaining portion of the Lot or Dwelling to the association as a part of the Common Areas, and thereafter any such owner shall not have any further voting rights or membership rights or privileges in the Association or with respect to the Development and shall not be subject to any further assessments imposed by the Association and payable after the date of such deeding.
- (b) In the event that any part of a Lot or Dwelling is taken by any authority having the power of condemnation or eminent domain or, is conveyed in lieu thereof, and if the Owner of such Lot or Dwelling elects to restore the

remainder of the Lot or Dwelling as nearly as practicable to the same condition it was in prior to such taking or conveyance and in accordance with all applicable standards, restrictions and provisions of this Declaration and all applicable zoning, subdivision, building and other governmental regulations. All such work of restoration shall be commenced promptly following such taking or conveyance and shall be carried through diligently to conclusion.

Article IX Administration

9.01 Common Areas. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and shall keep the same in a good, clean, attractive and sanitary condition, order and repair, pursuant to the terms and conditions thereof. Except to the extent otherwise required by the provisions of the Non-Profit Corporation Law of Alabama, this Declaration, the By-Laws or the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action of the part of the Owners. As provided herein, and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Development, Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association until such time as the first of the following events shall occur: (i) the expiration of ten (10) years after the date of recording of this Declaration; or (ii) the surrender by Declarant of the authority to appoint and remove directors and officers of the Association by an express amendment to this Declaration executed and recorded by Declarant. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section 9.01 and by Section 14.01 hereof.

9.02 Duties and Powers. The duties and powers of the Association shall be those set forth in the provisions of the Non-Profit Corporation Law of Alabama, this Declaration, the By-Laws and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Non-Profit Corporation Law of Alabama, this Declaration, the By-Laws or the Articles of Incorporation the provisions of the Non-Profit Corporation Law of Alabama, this Declaration and the By-Laws, in that order, shall prevail, and each Owner of a Lot or Dwelling, by acceptance of title thereto, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Declaration or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association shall include, but shall not be limited to, the power to purchase one or more

Lots and/or Dwellings and to hold, lease, mortgage, sell and convey the same. Such duties may include, but shall not be limited to, arranging with governmental agencies, public service districts, public or private utilities or others, as a Common Expense or by billing directly to Lots and Dwellings. Notwithstanding the foregoing provision of this Section 9.02 or any other provision of this Declaration to the contrary, for so long as Declarant shall own any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, the Association shall not, without the consent of Declarant, borrow money or pledge, mortgage or hypothecate all or any portion of the Common Areas.

9.03 Agreements. Subject to the prior approval of the Declarant for so long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, all agreements and determinations lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development; and in performing its responsibilities hereunder; the Association, through its Board of Directors, shall have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board of Directors. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers or members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation or other legal entity, as the Board of Directors shall determine, and may be bounded in such manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal and accounting services as are necessary or desirable in connection with the operation of the Development or the enforcement of this Declaration, the By-Laws or the rules and regulations of the Association.

9.04 Management Agreement. CABB Development, L.L.C. or an affiliate shall be employed as the manager of the Association and the Development for such period of time as Declarant has the right to appoint and remove officers and directors of the Association, with the option on the part of CABB Development, L.L.C. or its affiliate to renew such employment for two (2) successive one (1) year terms from and after the termination of such appointment and removal right. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, shall be deemed to ratify such management agreement.

9.05 Personal Property and Property for Common Use. The Association, through action of its Board of Directors, may acquire and hold tangible and intangible personal property and other property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association. The shares of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated or transferred or in any manner, except to the extent that a transfer of the ownership of a Lot or Dwelling also transfers the membership in the Association which is appurtenance to such Lot or Dwelling.

9.06 Rules and Regulations. As provided herein, the Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Lots, Dwellings and Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Declaration.

9.07 Indemnification. The Association shall indemnify every officer or director of the Association against any and all expenses, including court costs and reasonable attorney fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the Board of Directors) to which he may be made a party by reason of being or having been an officer or director at the time such expenses are incurred. The officers and directors shall not be liable for any mistake of judgment, negligence or otherwise, except for their own willful misconduct or nonfeasance. 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 officer or directors may also be members of the Association) and the Association shall indemnify and forever hold each officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein, shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall as a Common Expense maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

Article X Assessments

10.01 Purpose of Assessments. The assessments for Common Expenses provided for herein shall be used for the general purpose of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of the Development, and maintaining the Development and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

10.02 Creation of Lien and Personal Obligation of Assessments. Each Owner of a Lot or Dwelling, by acceptance of title thereto whether or not it shall be so

expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association:

- (a) Annual assessments to be established and collected as provided herein, or as otherwise provided in the Steelwood Owners' Association documents,
- (b) Special assessments to be established and collected as provided herein or as otherwise provided in the Steelwood Owners' Association documents,,
- (c) Individual or specific assessments against any particular Lot or Dwelling which are established pursuant to the terms of this Declaration, including, but not limited to, fines as may be imposed against such Lot or Dwelling in accordance with this Declaration or as otherwise provided in the Steelwood Owners' Association documents.

Any such assessments, together with late charges, simple interest at the rate of twelve percent (12%) per annum, and court costs and attorneys' fees incurred to enforce or collect such assessments, shall be a real obligation and lien upon the Lot or Dwelling, the Owner of which is responsible for payment. Each Owner shall be personally liable for assessments coming due while he is the Owner of a Lot or Dwelling, and his successor-in-title shall take title to such Lot or Dwelling subject to the a real obligation and lien, but without prejudice to the rights to such successor-in-title to recover from his predecessor in title any amounts paid by such successor-in-title therefore. In the event of co-ownership of any Lot or Dwelling, all of such co-owners shall be solidarity liable for the entire amount of such assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors. Unless otherwise provided by the Board, the annual assessments shall be paid in equal monthly installments.

10.03 Computation of Annual Assessments. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a capital contribution or reserve amount if necessary for the capital needs of the Association. The Board shall cause the budget and the purposed total of the annual assessments to be levied against Lots and Dwellings for the following year to be delivered to each Owner at least fifteen (15) days prior to such meeting. The total annual assessments shall be divided among the Lots and Dwellings equally, so that each Lot or Dwelling shall be subject to equal annual assessments. Upon the addition of the Additional Property or any portion thereof to the Development, assessments shall continue to be equal and the Lots and Dwellings being added to the Development shall thenceforth pay assessments which are equal to those imposed upon Lots and Dwellings previously in the Development. In such event, the Association's budget shall be accordingly revised by the Board, without the necessity of approval by the Owners, to include Common Expenses and assessments related to such additional Lots and Dwellings. The budget and the annual assessments shall become effective unless disapproved at the annual meeting by either (i) Declarant, for so long as Declarant has the authority to appoint and remove directors and officers of the Association, or (ii) a vote of

a majority of the votes of the Owners who are voting in person by proxy at such meeting (provided that a minimum vote of fifty-one percent (51%) of the total property owners shall be required to disapprove the budget). Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and annual assessments in effect for the then current year shall be increased in portion to the percentage increase, if any, for the then current year, in the Consumer Price Index (all Urban Consumers, United States City Average, All Items 1967=100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Section 10.04 hereof. The common Expenses to be funded by the annual assessments may include, but shall not necessarily be limited to, the following:

- (i) management fees and expenses of administration, including legal and accounting fees and insurance premiums;
- (ii) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided by the Association.
- (iii) the expenses of maintenance, operation and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of this Declaration;
- (iv) the expenses of maintenance, operation and repair of those portions of Lots or Dwelling exteriors which are the responsibility of the Association under the provisions of this Declaration;
- (v) the expenses of maintenance, operation and repair of other amenities and facilities serving the Development, the maintenance, operation and repair of which the Board from time to time determines to be in the best interest of the Association;
- (vi) the expenses of the Architectural Review Committee which are not defrayed by plan review charges;
- (vii) any expenses which may be imposed or otherwise required by the Steelwood Owners' Association for any Association dues and/or fees, or any dues and/or fees that may be owed to the Steelwood Owners' Association by an Owner of any Lot or Dwelling within the Development;
- (viii) ad valorem, real and personal property taxes assessed and levied against the Common Areas;

- (ix) the expenses for conducting recreational, cultural or other related programs for the benefit of the Owners and their families, tenants, guests and invitees;
- (x) such other expenses as may be determined from time to time by the Board of Directors of the Association for common expenses, including, without limitation, costs of repainting the exteriors of any or all of the Dwellings within the Development, re-roofing as may be needed for any of the Dwellings or for the whole Development, or as otherwise requested or directed by the Steelwood Owners' Association pursuant to the terms of this Declaration;
- (xi) such other expenses as may be determined from time to time by the Board of Directors of the Association, including, without limitation, taxes and governmental charges not separately assessed against Lots or Dwellings; and
- (xii) the establishment and maintenance of a reasonable reserve fund or funds (A) for inspections, maintenance, repair and replacement of those portions of the Common Areas and/or Lots or Dwellings, which must be inspected, maintained, repaired or replaced on a periodic basis, (B) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (C) to cover unforeseen operating contingencies or deficiencies arising from unpaid assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors or as required by the Steelwood Owners' Association pursuant to the terms herein.

10.04 Special Assessments. In addition to the annual assessments authorized above, the Association, acting through its Board of Directors, may levy, in any assessment year, special assessments for expenses, applicable to that year only, provided that except as otherwise permitted herein, any such assessment shall be approved by (i) Declarant, for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, (ii) by a majority of the votes of the Owners who are voting in person or by proxy at a meeting duly called for this purpose in accordance with the provisions of Section 10.06 hereof, or (iii) as may requested or required by the Steelwood Owners' Association. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted. Such special assessments are to be pro-rated among the Lots and Dwellings equally as provided with respect to annual assessments.

10.05 Individual Assessments.

- (a) Any expenses of the Association, or the Steelwood Owners' Association

occasioned by the conduct of less than all of the Owners or by the family, tenants, agents, guests or invitees of any Owner shall be specially assessed against such Owners and their respective Lots and Dwellings. The individual assessments provided for in this Section 10.05 shall be levied by the Board of Directors and the amount due and date of such assessment so levied by the Board shall be as specified by the Board.

- (b) The Board of Directors shall levy, as an individual assessment, an assessment for the maintenance of any common cart storage areas contained in the Development against the Owners of Lots abutting each common cart storage area for the maintenance of said area.

10.06 Notice of Meeting and Quorum. Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized under Sections 10.03 and 10.04 hereof, shall be sent to all members not less than fifteen (15) days nor more than forty-five (45) days in advance of such meetings. With respect to annual meetings, the presence of members or proxies entitled to cast over fifty percent (50%) of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the quorum at the subsequent meeting shall be the presence in person or by proxy of members having one-third ($\frac{1}{3}$) of the total votes of the Association. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

10.07 Liens. All sums assessed against any Lot or Dwelling pursuant to this Declaration, together with court costs, reasonable attorneys' fees, late charges and interest as provided herein, shall be a real obligation and lien on such Lot or Dwelling in favor of the Association.

10.08 Effect of Nonpayment; Remedies of the Association. Any assessments of an Owner or any portions thereof which are not paid when due shall be delinquent. Once any assessments or any portion thereof which are not paid when due shall be delinquent. Once any assessments or any portion thereof has become delinquent, the Association may file a notice of same in the Office of the Judge of Probate of Baldwin County, Alabama. Any assessment delinquent for a period of more than ten (10) days after the date when due shall incur a late charge in an amount as may be determined by the Board from time to time and shall also commence to accrue simple interest at the rate of twelve percent (12%) per annum. A real obligation and lien of such assessment shall include the late charge established by the Board of Directors, interest on the principal amount due at the rate of twelve percent (12%) per annum, all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law. In the event that the assessment remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. The real obligation and lien provided for in this Article shall be in favor of the Association, and by acceptance of title to a Lot or Dwelling, each owner vests in the Association and its

agents the right and power to bring all actions against him personally for the collection of such assessments as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of the immovable property. The Association shall have the power to bid on the Lot or Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for the assessment provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot or Dwelling, and an Owner shall remain personally liable for assessments, interest and late charges which accrue prior to a sale, transfer or other conveyance of his Lot or Dwelling.

10.09 Certificate. The treasurer, any assistant treasurer or the manager of the Association shall, within ten (10) days of a written request and upon payment to of such fee as is from time to time determined by the Board of Directors, furnish to any Owner's mortgagee which requests the same, a certificate in writing signed by such Treasurer, Assistant Treasurer or manager setting forth whether the assessments for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest and other penalty charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any assessments stated therein to have been paid.

10.10 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Lot or Dwelling on the day on which such Lot or Dwelling is conveyed to a person other than Declarant and shall be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual assessments and any outstanding special assessments shall be adjusted for such Lot or Dwelling according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such Lot or Dwelling is first conveyed. Annual and special assessments for Lots and Dwellings in portions of any additional property hereafter submitted to the terms of this Declaration shall commence with respect to each such Lot or Dwelling on the later of (i) the day on which such Lot or Dwelling is conveyed to a person other than Declarant or (ii) the day of the recording of the amendment to the Declaration so submitting such parcels, and annual and special assessments for each such Lot and Dwelling shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence. Anything contained herein to the contrary notwithstanding, Declarant shall not be responsible for the payment of annual or special assessments on Lots or Dwellings which it or its affiliates own and which do not contain occupied residents (except as hereinafter provided), provided that Declarant covenants and agrees to pay annual and special assessments for each Lot and Dwelling owned by Declarant or an affiliate and containing occupied residences. Furthermore, Declarant shall have the option to either pay annual assessments on Lots owned by Declarant or fund any deficit which may exist between assessments and the annual budget of the Association for so long as Declarant has the authority hereunder to appoint and remove directors of the Association, provided, however, that the budget, assessments and deficit, if any, shall be annually reviewed by Declarant, and the Board of Directors, and during such period

Declarant's obligation for funding deficits shall only be up to the amount of the Association's budget. Provided that upon Declarant no longer having authority to appoint directors or officers of the Association, Declarant shall be obligated to pay assessments on all Lots or Dwellings owned by Declarant.

10.11 Priority of Lien. The Association shall have a lien for nonpayment of Common Expenses as is provided herein. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at a rate set by the Board but in no case shall said interest exceed the maximum legal rate on any such advances made for such purposes. All Persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Lot or Dwelling, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association. A lien for Common Expenses shall not be affected by any sale or transfer of a Lot or Dwelling, except as herein provided. A sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall extinguish a subordinate lien for Assessments which became payable prior to such sale or transfer; provided, however, a sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish the lien of the Association to the extent of the Common Expense Assessments based on the periodic budget adopted by the Association pursuant to the Act which would have become due in the absence of acceleration during the six (6) months immediately preceding the institution of an action to enforce the lien. However, any such delinquent Assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all of the Lots as a Common Expense. Any such sale or transfer pursuant to foreclosure does not relieve the purchaser or transferee of a Lot or Dwelling from liability for, nor the Lot or Dwelling from the lien of, any Assessments made thereafter.

10.12 Election of Remedies. Institution of a suit at law to collect payment of any delinquent Assessments shall not be deemed to be an election by the Association which shall prevent its thereafter seeking enforcement of the collection by foreclosure of any sums remaining owing to it, nor shall proceeding by foreclosure to effect such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association. The Association shall be entitled to bid at any sale held in connection with the foreclosure of the assessment lien and may apply as a cash credit against its bid all sums secured by the lien enforced.

Article XI

Architectural Standards and Use Restrictions

11.01 Purpose. In order to preserve the natural setting and beauty of the Development, to establish and preserve a harmonious and aesthetically pleasing design for the Development and to protect and promote the value of the Property, the Lots, Dwellings and all improvements located therein or thereon shall be subject to the restrictions set forth in this Article XI. Every Owner by acceptance of title to his Lot or

Dwelling agrees to be bound by the provisions of this Article XI and to the provisions, requirements, guidance and guidelines of the Steelwood Property Owners Association. All procedures, powers and/or duties discussed in Article XI, shall be subject to review and/or approval by the Steelwood Owners' Association Architectural Review Board

11.02 Architectural Review Committee. The Board of Directors shall establish the Architectural Review Committee which shall consist of three (3) members, all of whom shall be Owners and who may or may not be members of the Board of Directors, provided that prior to the termination of Declarant's right to appoint and remove officers and directors of the Association, such members shall not be required to be Owners. The regular term of office for each member shall be one (1) year, coinciding with the fiscal year of the Association. Any member appointed by the Board may be removed with or without cause by the Board at any time by written notice to such appointee, and a successor or successors appointed to fill such vacancy serve the remainder of the term of the former member. Notwithstanding the foregoing to the contrary, any member appointed to the Architectural Review Committee by the Board shall be subject to the prior approval of Declarant until that date which is two (2) years from and after the date on which Declarant's right to appoint and remove officers and directors of the Association is terminated. The Architectural Review Committee shall elect a chairman and he, or in his absence, the vice-chairman, shall be the presiding officer at its meetings. The Architectural Review Committee shall meet at least once in each calendar month, as well as upon call of the chairman, and all meetings shall be held at such places as may be designated by the chairman. Two (2) members shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present in person or a proxy at a meeting of the Architectural Review Committee on any matter before it. The Architectural Review Committee is authorized to retain the services of consulting architects, landscaping architects, urban designers, engineers, inspectors and/or attorneys in order to advise and assist the Architectural Review Committee in performing its functions set forth herein. Each member of the Architectural Review Committee may be paid a stipend or honorarium as from time to time determined by the Board.

11.03 Permitted Improvements; Submittals.

- (a) No improvements of any nature whatsoever shall be constructed, altered, added to or maintained upon any part of the Property, except (i) for Dwellings and other improvements which are constructed by Declarant, (ii) such improvements as are approved by the Architectural Review Committee in accordance with this Article XI, or (iii) improvements which pursuant to this Article XI do not require the consent of the Architectural Review Committee.
- (b) The Architectural Review Committee is hereby authorized to promulgate from time to time written requirements governing the contents of submissions of plans and specifications and other information including, but not limited to, nature, color, type, shape, height, materials and location

of the proposed improvement to evidence compliance with and obtain approval pursuant to Sections 11.05, 11.06 and 11.08 hereof (“**Required Submittals**”).

11.04 Construction of Improvements.

- (a) All building, structures or other improvements (except sidewalks and driveways) on or with respect to any Lot or Dwelling shall be located only within the set-back lines specified on the Subdivision Plat, provided that the Architectural Review Committee shall be empowered to grant variances with respect to such set-back lines.
- (b) No construction of improvements on any Lots or Dwellings shall be undertaken or conducted on any Sunday, except for (i) construction activities of Declarant, (ii) emergency situations involving the potential loss, injury or damage to person or property, and (iii) as otherwise permitted by the Architectural Review Committee.
- (c) The exterior of any improvement permitted by this Declaration shall be completed within one (1) year after the construction of same shall have been commenced.
- (d) Dwellings may not be temporarily or permanently occupied until the exteriors thereof and landscaping therefore have been completed. No temporary house, shack, tent, barn, other building or construction trailer shall be permitted on any Lot or Dwelling at any time except as provided in Section 11.20 hereof and except for temporary structures for social functions as may be permitted by rules and regulations promulgated by the Board, nor shall any stable (except as provided in Section 11.16 hereof), poultry house or yard, rabbit hut or other similar yard structure be constructed or allowed to remain on any Lot or Dwelling. During the continuance of construction by an Owner, such Owner shall require its contractors to maintain the Lot or Dwelling in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of construction, such Owner, shall cause its contractors to immediately remove all equipment, tools and construction material and debris from the Lot or Dwelling on which such construction has been completed.

11.05 Architectural Approval.

- (a) To preserve the architectural and aesthetic appearance of the Development and all improvements therein, the Architectural Review Committee shall adopt and promulgate written and graphic design guidelines (the “**Design Guidelines**”) which would achieve harmony of exterior design, location

and appearance in relation to surrounding structures and topography. The Design Guidelines shall be maintained in the office of Declarant and of the Association and shall be available to all Owners. In addition, the Architectural Review Committee is authorized to promulgate from time to time as part of the Design Guidelines described in 10.05 (a) hereof additional architectural standards and guidelines applicable to the Development, including, without limitation, restrictions relating to height of improvements above grade, roof pitch and minimum square footage of Living Space in each Dwelling, roofing materials and color, and exterior paint specifications. Any actions taken or otherwise allowed by the Architectural Review Committee, and all procedures, powers and/or duties discussed in Article XI, shall be subject to review and approval by the Steelwood Owners' Association Architectural Review Board.

- (b) No construction of improvements of any nature whatsoever shall be commenced or maintained by any Owner, other than Declarant, with respect to the construction or affecting the exterior appearance of any Dwelling or with respect to any other portion of the Property, including, without limitation, the construction or installation of sidewalks, driveways, parking lots, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, awnings, walls, fences, exterior lights, garages, guests or servants' quarters or other outbuildings, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, painting or staining or any exterior surface), unless and until the Required Submittals shall have been submitted to and approved in writing by the Architectural Review Committee. One copy of such plans, specifications and related data so submitted shall be retained in the records of the Architectural Review Committee, and the other copy shall be returned to the Owner marked "approved" "approved as noted" or "disapproved". The Architectural Review Committee shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors or attorneys retained in accordance with the terms hereof. The fee initially established for such review shall be One Hundred Seventy Five and No/100 (\$175.00) Dollars, and the Architectural Review Committee shall have the right to increase this amount from time to time. Notwithstanding the foregoing, an Owner may make interior improvements and alterations within his Dwelling that do not affect the exterior appearance, without the necessity of approval or review by the Architectural Review Committee.
- (c) The Architectural Review Committee shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the Association provided however such discretion shall be exercised to give effect to the Design Guidelines. In connection with approval rights and to prevent excessive drainage of surface water run-off,

the Architectural Review Committee shall have the right to establish a maximum percentage of a Lot, or Dwelling which may be covered by Dwellings, buildings, structures or other improvements, which standards shall be promulgated on the basis of topography, percolation rate of the soil, soil types and conditions, vegetation cover and other environmental factors. Following approval of any plans and specifications by the Architectural Review Committee, representatives of the Architectural Review Committee shall have the right during reasonable hours to enter upon and inspect any Lot, Dwelling or other improvements with respect to which construction is underway to determine whether or not the plans and specifications have not been approved or are not being complied with, the Architectural Review Committee shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In the event the Architectural Review Committee fails to approve, approved as noted or disapprove in writing any specifications shall have been submitted, such plans and specifications will be deemed to have been expressly approved, provided the proposed improvements are generally in harmony with the scheme of the Development as set forth in this Declaration. Upon approval of plans and specifications, no further approval under this Article XI shall be required with respect thereto, unless such construction has not substantially commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. Refusal of approval of plans and specifications may be based by the Architectural Review Committee upon any ground which is consistent with the object and purposes of this Declaration and with the Design Guidelines, including aesthetic considerations, so long as such grounds are not arbitrary or capricious.

11.06 Landscaping Approval.

- (a) To preserve the aesthetic appearance of the Development, no landscaping, grading, excavation or filling of any nature whatsoever shall be implemented and installed by any Owner, other than Declarant, unless and until the plans therefore have been submitted and approved in writing by the Architectural Review Committee.
- (b) The Association, upon the recommendation of the Architectural Review Committee shall be entitled to enter into contract(s) for the upkeep, construction, and/or maintenance on the Subject Property, including all common areas and on all Lots or Dwellings. The landscaping plan for any Lots or Dwellings contiguous to golf courses located on the Steelwood Country Club Property shall, in addition, be subject to the rights of Club Owner set forth herein, shall require the express approval of the Steelwood Owners Association.

11.07 Approval Not a Guarantee. No approval of plans and specifications and no publication of Design Guidelines or other architectural standards shall be construed as representing or implying that such plans, specifications or standards will, if followed result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any Dwelling or other improvement build in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, the Association nor Architectural Review Committee shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved pursuant to the terms of this Article XI, any loss or damage to any person arising out of the approval or disapproval of any plans or specifications, any loss or damage arising from the noncompliance of such plans and specifications with any governmental ordinances and regulations, nor any defects in constructions undertaken pursuant to such plans and specifications.

11.08 Building Restrictions. No Dwelling or structure within the Development shall vary from the original dwelling structure approved by the Declarant. All exterior colors shall be in conformity with those allowed and approved originally by the Declarant. No Dwelling or building will be repainted without the prior authorization of the Architectural Review Committee. All roofing materials and colors shall be in conformity with those allowed and approved by the Declarant. No Dwelling or building may be re-roofed without the prior authorization of the Architectural Review Committee. With respect to the Development, each cart storage area located on a Lot will have the benefit of an easement of passage across said Lot as may or may not be shown on the Subdivision Plat for the Development. To assure that Dwellings and other structures will be located so that the maximum view, privacy and breeze will be available to each Dwelling or structure, Dwellings and structures shall be located with regard to the topography of each Lot or Dwelling taking into consideration the location of trees and vegetation and other aesthetic and environmental considerations, as well as the precise site and location of any other Dwellings or structures within the Development. All residential structures constructed on a Lot shall be designed and constructed in compliance with the relevant and appropriate Building Code related to construction.

11.09 Service Yards. Each Owner of a Lot of Dwelling shall provide visually-screened areas to serve as service yards in which garbage, receptacles, fuel tanks, wood piles, gas and electric meters, air conditioning equipment, materials, supplies and equipment which are stored outside by Owners must be placed or stored in order to conceal them from view from roads, cart paths, the Steelwood Country Club, and adjacent properties. Any such visual barrier shall be maintained as build or approved by the Declarant.

11.10 Use of Lots and Dwellings. Except as permitted herein, and except as any parcel may be specifically restricted otherwise by this Declaration or any amendment or supplement thereto with respect to the Development, each Lot and Dwelling shall be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a Dwelling as an office by an Owner shall not be

considered to be a violation of this covenant if such use does not create regular customer, client or employee traffic, provided that in no event shall any Lot of Dwelling be used as a storage area for residential purposes. Leases may be permitted, and it shall also not be considered a violation of this covenant so long as the lease is in compliance with any requirements of the Steelwood Property Owners Association. All leases shall be required to be in writing, and, prior to the commencement of any such lease, the Owner shall provide the Secretary of the Association and the managing agent of the Association, if any, with copies of such lease. Any lessee or tenant shall in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder.

11.11 Exterior Appearance. No fences shall be permitted within the Development, except with regard to maintenance areas within the Common Areas and those fences erected by Declarant. No foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades or other purpose, nor shall any window-mounted heating or air-conditioning units be permitted. Outside clotheslines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed or maintained, nor shall any clothing, rugs or other items be hung on any railing, fence, hedge or wall. When not in use, all garage doors shall be kept closed. No projections of any type shall be placed or permitted to remain above the roof of any improvements except approved chimneys or vent stacks.

11.12 Signs. Except as may be required by legal proceedings, no signs or advertising posters of any kind shall be maintained or permitted within any windows, on any Lot, the exterior of any improvements located within the Development, or elsewhere on any portion of the Property, without the express written permission of the Architectural Review Committee. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such written conditions, standards and guidelines as may be from time to time promulgated by the Architectural Review Committee. Notwithstanding the foregoing, the restrictions of this Section 11.12 shall not apply to Declarant. In addition, the Board of Directors, on behalf of the Association, shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas and within those easement areas established herein. No real estate signs shall be permitted anywhere within the Property except those provided by the Association.

11.13 Fencing, Hedges, Walls, Mailboxes, and Ornamental Structures.

There shall be no fencing, wall, hedge, mailbox, or ornamental structures located, constructed or erected on the Subject Property without the prior written approval of the Architectural Review Committee which may be withheld in the sole discretion of same.

11.14 Antennas. No television antenna, satellite dish, radio receiver nor other similar device shall be attached to or installed to any portion of the Development unless contained entirely within the interior of a building or other structure. No radio or television signals or any other form of electromagnetic radiation shall be permitted to originate from any Lot or Dwelling which may unreasonably interfere with the reception of television or radio signals within the Development; provided, however, that Declarant

and the Association shall not be prohibited from installing equipment necessary for master antenna, security, cable television services be unavailable and adequate television reception not be otherwise available, then an Owner may make written application to the Architectural Review Committee for permission to install a television antenna to be located on the exterior of a Dwelling.

11.15 Security Systems. In the event that either Declarant or the Association shall install a central security system within the Development, then no Owner shall be entitled to install or maintain any alternative security systems within a Dwelling, other than security systems which are appurtenant to and connected with such central security system, without giving prior written notice to the Board of Directors.

11.16 Water Wells and Septic Tanks. No private water wells may be drilled or maintained and no septic tanks or similar sewerage facilities may be installed or maintained on any Lot or Dwelling.

11.17 Pets. No animals, livestock, birds or poultry of any kind shall be raised, bred or kept by any Owner upon any portion of the Development, provided that up to two (2) generally recognized pets may be kept in Dwellings, subject to rules and regulations adopted by the Association, through its Board of Directors, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose. No pet shall be allowed to make an unreasonable amount of noise or become a nuisance. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of the Subject Property. Pets shall be under leash at all times when walked or exercised in any portion of the Common Areas, and no pet shall be permitted to leave its excrement on any portion of the Common Areas, and the Owner of such pet shall immediately remove the same. Upon written request of any Owner, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 11.16, a particular pet is a generally recognized house pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Development if such pet is found to be a nuisance or to be in violation of these restrictions. The Board of Directors shall have the further right, subject to terms of this Declaration, to fine any Owner (in an amount not to exceed \$150.00 per violation) for the violation of these pet restrictions by such Owner or an occupant of his Lot or Dwelling, and on Owner shall be liable to the Association for the cost of repair of any damage to the Common Areas caused by the per of such Owner or of an occupant of such Owner's Lot or Dwelling. Any such fine or cost of repair shall be added to and become a part of that portion of any assessment coming due to which such Lot or Dwelling and its Owner are subject. Declarant reserves the right to designate in writing portions of the Additional Property as an equestrian area with the keeping and riding of horses to be specifically allowed within such area.

11.18 Nuisances. No rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Development, nor shall any nuisance or odors be permitted to exist or operate upon or arise from the Development, so as to

render any portion thereof unsanitary, unsightly, offensive or detrimental to persons using or occupying any other portions of the Development. Noxious or offensive activities shall not be carried on in any Lot or Dwelling or in any part of the Common Areas, and each Owner, his family, tenants, guests, invitees, servants and agents shall refrain from any act or use of a Lot, Dwelling or of the Common Areas which could cause disorderly, unsightly or unkempt conditions, or which could cause embarrassment, discomfort, annoyance or nuisance to the occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security and fire alarm devices used exclusively for such purposes, shall be located, used or placed within the Development. Any Owner, or his family, tenants, guests, invitees, servants or agents, who dumps or places any trash or debris on any portion of the Development shall be liable to the Association for the actual cost of removal thereof or the sum of \$150.00, whichever is greater, and any sum shall be added to and become a part of that portion of any assessment next becoming due to which such Owner and his Lot or Dwelling are subject.

11.19 Golf Course Areas. Owners of Lots and Dwellings contiguous to all golf course fairways and greens, as well as their families, tenants, guests, invitees and pets, shall be obligated to refrain from any actions which would distract the playing qualities of any golf courses located on the Steelwood Country Club Property. Such prohibited activities shall include, but not be limited to, burning materials where the smoke will cross the golf course, any activity creating excessive noise, maintenance of dogs or other pets under conditions which interfere with golf course play do to their loud barking or other actions, running or walking on the fairways, picking up balls or similar interference with play.

11.20 Motor Vehicles, Trailers, Boats, Etc. Each Owner shall be provided with two (2) designated parking spaces near or adjacent to his Dwelling, for the parking of automobiles. All automobiles owned or used by Owners or Occupants other than temporary guests and visitors shall, as far as possible, be parked in the designated spaces. The Board of Directors of the Association shall have authority to promulgate rules and regulations to govern or prohibit the outside storage or parking upon any Lot or Dwelling or within the Common Areas (other than areas provided therefore within the Common Areas, if any) of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pickup trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-carts and other similar vehicles, or any of them, from being kept, placed, stored, maintained or operated upon any portion of the Development if in the opinion of the Board of Directors such prohibition shall be in the best interest of the Development. No Owners or other occupants of any portion of the Development shall repair or restore any vehicle of any kind upon or within any Lot, Dwelling or within any portion of the Common Areas, except (i) within enclosed garages or workshops or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Declarant hereby reserves the right (without obligation to do

so) to designate within the Additional Property a parking area for boat trailers, motor homes or similar vehicle.

11.21 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant, its agents, employees, successors and assigns to maintain and carry on such facilities and activities as may be reasonably required, convenient or incidental to the completion, improvement and sale of Lots and/or Dwellings or the developing of Lots, Dwellings and Common Areas, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model Dwellings, all as may be approved by Declarant from time to time, provided that the location of any construction trailers of any assignees of Declarant's rights under this Section 11.20 shall be subject to Declarant's approval. The right to maintain and carry on such facilities and activities shall include specifically the right to use Dwellings as modes residences, and to use any Dwelling as an office for the sale of Lots and/or Dwellings and for related activities.

11.22 Time Sharing. No Lots or Dwellings may be sold under any time sharing, time-interval, or similar right-to-use programs.

Article XII Mortgages

12.01 Lender's Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot or Dwelling address, any mortgage holder, insurer or guarantor will be entitled to timely written notice of:

- (a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot or Dwelling securing its mortgage.
- (b) Any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner on which it holds the mortgage.
- (c) A lapse, cancellation or material modification of any insurance policy maintained by the Association.
- (d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

12.02 Right of Inspection. Mortgagees shall have the right to examine the books and records of the Association or the Property and to receive annual reports, other financial data, and, upon request, an annual audited statement, within ninety (90) days following the end of any fiscal year of the Association.

12.03 Priority of Mortgagees.

(a) Insofar as any lien created hereunder upon any Lot or Dwelling, that becomes due after the recordation of a Mortgage made in good faith and for value on said Lot or Dwelling, including, but not limited to, the lien created for Assessments herein and the right to foreclose the lien for said amounts, is and shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by such Mortgage. Insofar as amounts secured by any lien created hereunder upon any Lot or Dwelling that becomes due before the recordation of any Mortgage on such Lot or Dwelling, the lien shall have priority over any such Mortgage. After the date of the foreclosure of any such Mortgage on said Lot or Dwelling, the lien for Assessments created hereunder shall continue in effect and shall have the same effect and be enforced in the same manner provided herein, as to amounts that become due thereafter. Notwithstanding the above, the lien created pursuant to this Declaration is prior to any Mortgage to the extent of the Common Expense assessments based on the annual budget which would have become due in absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien.

(b) No provision of this Declaration, the Articles, the By-Laws or the Rules And Regulations shall be construed to grant to any Owner, or to any other party any priority over any rights of the Mortgagee pursuant to the terms of their Mortgage(s) in the case of distribution to Owners of the insurance proceeds or condemnation awards for losses or a taking of property or any portion thereof.

(c) All Assessments, property taxes and other charges imposed by any taxing authority which may become liens prior to a Mortgage, shall be separately assessed against and collected.

(d) No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any Mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or otherwise.

12.04 Request for Protection by Mortgagees. Whenever any Mortgagee desires the benefit of the provisions of this Article to be applicable to such Mortgagee, the Mortgagee shall serve written notice of such fact upon the Association, by registered or certified mail, addressed to the Association, and actually mailed to the Association's address, identifying the Lot or Dwelling upon which it holds a Mortgage or identifying

any Lot or Dwelling owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by the Mortgagee. Said notice shall designate the place to which the notices are to be given by the Association to such Mortgagee.

Article XIII

Rule Making

13.01 Rules and Regulations.

(a) Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Lots, Dwellings and the Common Areas and facilities located thereon. In particular but without limitation, the Board of Directors may promulgate from time to time rules and regulations which shall govern activities which may, in the judgment of the Board of Directors be environmentally hazardous, such as application of fertilizers, pesticides and other chemicals. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Owners prior to the effective date of such rules and regulations and amendments thereto. Such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees, servants and agents, until and unless any such rule or regulation be specifically overruled, cancelled or modified by the Board of Directors or in a regular or special meeting of the Association by the vote of Owners, in person or by proxy, holding a majority of the total votes in the Association, provided that in the event of such vote, such action must also be approved by Declarant, for so long as Declarant owns any Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development.

(b) All vehicular traffic on the private streets and roads in the Development shall be subject to the provisions of the laws of the State of Alabama and Baldwin County concerning operation of motor vehicles on public streets. The Association is hereby authorized to promulgate, administer and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including reasonable safety measures and speed limits and including modifications of those in force on public streets, within the Development. The Association shall be entitled to enforce same by establishing such enforcement procedures as it deems appropriate, including levying fines for the violation thereof. Only drivers licensed to operate motor vehicles by the State of Alabama or by another state in the United States may operate any type of motor vehicle, including golf carts, within the Development. In order to operate a golf cart in the Development, the owners or users thereof shall have complied with any regulations and requirements for the operation thereof as may be required by the Association and the Club Owner. All vehicles of any kind and nature shall be operated in a careful, prudent, safe and quiet manner and with due consideration for the rights of all residents of the Development.

13.02 Authority and Enforcement. Subject to the provisions herein, upon the violation of this Declaration, the By-Laws or any rules and regulations duly adopted hereunder, including, without limitation, the violation of traffic regulations promulgated by the Board, the failure to timely pay any assessments, the Board shall have the power

(i) to impose reasonable monetary fines which shall constitute a real obligation and lien upon the Lot or Dwelling, the Owners or Occupants of which are guilty of such violation, (ii) to suspend an Owner's right to vote in the Association, or (iii) to suspend an Owner's right (and the right of such Owner's family, guests and tenants) to use any of the recreational facilities located in the Common Areas, and the Board shall have the power to impose all or any combination of these sanctions. An Owner shall be subject to the foregoing sanctions in the event of such a violation by such Owner, his family, guests, or tenants or by his co-owners for the family, guests or tenants of his co-owners. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

13.03 Procedure. Except with respect to the failure of an Owner to pay assessments, the Board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights of an Owner or other occupant of the Development for violations of the Declaration, By-Laws or any rules and regulations of the Association, unless and until the following procedure is followed:

- (a) Written demand to cease and desist from an alleged violation shall be made upon the Owner responsible for such violation specifying:
 - (i) the alleged violation;
 - (ii) the action required to abate the violation; and
 - (iii) a time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.
- (b) Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice shall contain:
 - (i) the nature of the alleged violation;
 - (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice;
 - (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his behalf; and

- (iv) the proposed sanction to be imposed.
- (c) The hearing shall be held in executive session of the Board of Directors pursuant to the notice and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer, director or other individual who delivered such notice. In addition, the notice requirement shall be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction imposed, if any.

Article XIV **General Provisions**

14.01 Control by Declarant. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the By-Laws of the Association, Declarant hereby retains the right to appoint and remove any member or members of the Board of Directors of the Association and any officer or officers of the Association as provided by and for the term set forth herein. Every Owner in the Development, by acceptance of title to his Lot or Dwelling agrees that Declarant shall have the authority to appoint and remove directors and officers of the Association in accordance with the foregoing provisions of this Section 14.01 and the other provisions herein. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions herein, such right shall pass to the Owners, including Declarant if Declarant then owns one (1) or more Lots or Dwellings, and a special meeting of the Association shall be called within a reasonable time thereafter. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board of Directors, and Declarant shall deliver all books, accounts and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period and which Declarant has in its possession.

14.02 Amendments by Declarant. During any period in which Declarant retains the right to appoint and remove any directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the Office of the Judge of Probate for Baldwin County, Alabama, without the approval of any Owner or Mortgagee; provided, however, that, with the exception of the addition of any portion of the Additional Property to the terms of this Declaration, (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of his Lot, Dwelling or the Common Areas as set forth in this Declaration or adversely affects the title to any Lot or Dwelling, such amendment shall be valid only upon written consent thereto by a majority in number of the then existing Owners affected thereby, or (ii) in the event that such amendment would materially and adversely

affect the security interest of any Mortgagee, such amendment shall be valid only upon the written consent thereto of all such Mortgagees so affected. In addition, in the event that such amendment materially alters or changes any rights and easements granted herein to Club Owner or with respect to the Steelwood Country Club Property, such amendment shall only be valid upon the written consent thereto of the Club Owner or the Steelwood Property Owners' Association. Notwithstanding the foregoing to the contrary, the expiration or termination of the right of Declarant to appoint and remove any directors and officers of the Association shall not terminate Declarant's right to amend the Declaration. Any amendment made pursuant to this Section 14.02 shall be certified by Declarant as having been duly approved by Declarant, and by such Owner and Mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot or Dwelling, agrees to be bound by such amendments as are permitted by this Section 14.02, and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Development if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith.

14.03 Amendments by Association. Amendments to this Declaration, other than those authorized by other Sections hereof, shall be proposed and adopted in the following manner:

- (a) Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each member of the Association.
- (b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or by members of the Association. Such amendment must be approved by two-thirds ($\frac{2}{3}$) of the Owners within the particular Parcel to be affected by the proposed amendment; provided, however, (i) that any amendment which materially and adversely affects the security interest of any Mortgagee must be approved by such Mortgagee, and (ii) during any period in which Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option under this Declaration to add the Additional Property or any portion thereof to the Development, such amendment must be approved by Declarant.
- (c) The agreement of the required percentage of the Owners and, where required, Declarant and any Mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, the sworn statement of the President of the Association, which sworn statement shall state unequivocally that the agreement of the

required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the amendment itself. Notwithstanding the foregoing to the contrary, with respect to any amendment to this Declaration granted herein to the Club Owner or with respect to the Steelwood Country Club Property, Club Owner shall receive the notice specified in Section 14.03 (a) hereof and any such amendment shall only be valid upon the written consent thereto of Club Owner or the Steelwood Owners' Association.

14.04 General Enforcement. Each Owner shall comply strictly with the By-Laws and the published rules and regulations of the Association adopted pursuant to this Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and in the deed or other instrument of conveyance to his Lot or Dwelling, if any. Failure to comply with any of the same shall be grounds for imposing fines, for suspending voting rights or rights of use in and to the recreational facilities, located in the Common Areas or for instituting an action to recover sums due, for damages and/or for injunctive relief, such actions to be maintainable by Declarant, the Board of Directors on behalf of the Association or by an aggrieved Owner. Should Declarant, the Association or the Steelwood Property Owners' Association employ legal counsel to enforce any of the foregoing, all costs incurred in such enforcement, including court costs and reasonable attorneys' fees, shall be paid by the violating Owner. Inasmuch as the enforcement of the provision of this Declaration, the By-Laws and the rules and regulations of the Association are essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof may not adequately be compensated by recovery of damages, and that Declarant, the Association or any aggrieved Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach or any threatened violation or breach. No delay, failure or omission on the part of the Declarant, the Association or any aggrieved Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, by any person of the provisions of this Declaration, the By-Laws or any rules and regulations of the Association, however long continued.

14.05 Duration. The provisions of this Declaration shall run with title to the Property, shall be binding upon and inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, legal representatives, successors and assigns, and shall be and remain in effect for a period of twenty (20) years from and after the date of

the recording of this Declaration, provided that rights and easements which are stated herein to have a longer duration shall have such longer duration. Upon the expiration of such twenty (20) year period, this Declaration shall be automatically renewed for successive ten (10) year periods. The number of ten (10) year renewal periods shall be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration, if, during the last year of the initial twenty (20) year period or the last year of any ten (10) year renewal period, seventy-five (75%) percent of the total votes of the Association are cast in favor of terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination shall be filed of record in the Office of the Judge of Probate for Baldwin County, Alabama, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefore, thereby agrees that the provisions of this Declaration shall run with and bind title to the Property as provided hereby.

14.06 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board of Directors will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes which are less restrictive. The effective date of this Declaration shall be the date of its filing for record in the Office of the Judge of Probate for Baldwin County, Alabama. The captions of each Article and Section hereof as to the contents of each Article or Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration shall be construed under and in accordance with the laws of the State of Alabama.

14.07 Gender and Grammar. The singular whenever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

14.08 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end, the provisions of this Declaration are declared to be severable.

14.09 Rights of Third Persons. This Declaration shall be recorded for the benefit of Declarant, the Owners, and their Mortgagees as herein provided, and the Club Owner, and by such recording, no adjoining property owner or third party shall have any right, title or interest whatsoever in the Development, except as provided herein, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of Declarant, Mortgagees, the Steelwood Property Owners' Association and Club Owner as herein provided the Owners shall have the right to extend, modify, amend or otherwise change the provisions of this Declaration without the consent, permission or approval of any adjoining owner or third party.

14.10 Notice of Sale, Lease or Mortgage. In the event an Owner sells, leases, mortgages or otherwise disposes of any Lot or Dwelling, the Owner must promptly furnish the Association in writing the name and address of such purchaser, lessee, mortgagee or transferee.

14.11 No Trespass. Whenever the Association, Declarant, the Architectural Review Committee and their respective successors, assigns, agents or employees are permitted by this Declaration to enter upon or correct, repair, clean, maintain, preserve or do any other action within any portion of the Development, the entering thereon and the taking of such action shall not be deemed to be a trespass.

14.12 Notices. Notices required hereunder shall be in writing and shall be delivered by hand or by United States Mail, postage prepaid, certified or registered mail, return receipt requested or by a private commercial courier service such as Federal Express, Purolator and Emery with written evidence of delivery. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association, or if no address has been so designated, at the addresses of such Owners' respective Lots or Dwellings. All notices to the Association shall be delivered or sent in care of Declarant at the following address: P.O. Box 1318, Gulf Shores, Alabama 36547, or to such other address as the Association may from time to time notify the Owners. All notices to Declarant shall be delivered or sent to Declarant at the above address or to such other address as Declarant may from time to time notify the Association. All notices to Club Owner shall be delivered or sent to Club Owner at Declarant's address provided above or to such other address as Club Owner may from time to time notify the Association. Notices to Mortgagees shall be delivered or sent to such addresses as such Mortgagees specify in writing to the Association.

Article XV

Steelwood Owner's Association

15.01 Additional Restrictions. In addition to this Declaration the Property is subject to certain covenants, restrictions, reservations, regulations, burdens and liens, as more particularly set forth in the Steelwood Declaration, and any amendments thereto.

15.02 Purpose of the Steelwood Owner's Association. The Steelwood Owner's Association was created for the purpose of maintaining, repairing, renovating,

replacing, operating, managing and administering aspects of the General Common Areas. Every Unit Owner, together with any other owner of a lot or unit within the Steelwood Planned Unit Development, shall be a member of the Steelwood Owner's Association, all as more particularly provided for in the Steelwood Declaration.

15.03 Association Membership. Each Owner shall be a member of the Steelwood Association.

15.04 Assessments by the Steelwood Owner's Association. The Steelwood Owner's Association has the authority to levy assessments against the Subject Property and against each Lot or Dwelling Owner. The assessments provided for under the Steelwood Declaration include an Annual Assessment, as defined in the Steelwood Declaration, and Special Assessments which shall be a special assessment levied according to the terms and conditions set forth in the Steelwood Declaration. The Steelwood Owner's Association is hereby specifically granted the power and authority to adopt and amend budgets for revenues, expenditures, and reserves and impose and collect assessments for (i) maintaining, repairing, renovating, replacing, operating, managing and administering the General Common Areas and operating the Steelwood Owner's Association and (ii) providing such services and improvements as may be requested by the Association upon the Property.

- (a) The Annual Assessment shall be levied equally on all lots, dwellings and units within the Steelwood Planned Unit Development. Each year the Steelwood Owner's Association shall determine the budget for the year necessary for it to carry out and perform each of its obligations and each Unit shall be responsible for its share of the assessments of the Steelwood Owner's Association as more particularly provided in the Steelwood Declaration. The Annual Assessment is currently \$2,000.00 per Unit. The Annual Assessment may increase or decrease as determined by the Steelwood Owner's Association as provided for in the Steelwood Declaration. Annual Assessment shall be used by the Steelwood Owner's Association for the improvement, replacement, maintenance, repair, enhancement, enlargement and operation of the recreational amenities, roads and roadways (within or leading to or from the Steelwood Planned Unit Development), sidewalks or walkways, paths, boardwalks, bridges, security systems, patrols and gates, insect control, vegetation control, drainage systems and similar purposes which are for the benefit of lot owners or Unit Owners, including General Common Areas, payment of taxes and insurance, cost of labor and equipment, erosion control devices, materials, management supervision, accounting services, repayment of loans and such other action as is necessary to carry out the Steelwood Owner's Association's authorized functions. The Annual Assessment may be paid by each Owner directly to the Steelwood Association or by the Association on behalf of the Owner, as shall be determined by the Association, on the terms and conditions established by, and at the times prescribed by, the Steelwood Association.

- (b) A Steelwood Owner's Association Special Assessment may be levied by the Steelwood Owner's Association on the Lot or Dwelling owner's as provided in the Steelwood Declaration. A Steelwood Owner's Association Special Assessment may also be levied on an individual Lot or Dwelling owner in order to reimburse the Steelwood Owner's Association for any cost or expenses incurred by the Steelwood Owner's Association for bring a particular Lot or Dwelling into compliance with the requirements of the Steelwood Declaration or the rules and regulations promulgated by the Steelwood Owner's Association.

15.05 Liens for Assessments. Except as provided in the Steelwood Declaration, the Steelwood Owner's Association is hereby granted a lien on each Lot or Dwelling and upon the goods, furniture and effects belonging to the Owner and located in such Lot or Dwelling, which lien shall secure and does secure the monies due for all assessments now or hereafter levied or subject to being levied against the Lot or Dwelling by the Steelwood Owner's Association which lien shall also secure such late charges, penalties and interest, if any, which may be due on the amount of any delinquent assessment owing to the Steelwood Owner's Association, and which lien shall also secure all costs and expenses, including reasonable attorney's fees, which may be incurred by the Steelwood Owner's Association in enforcing this lien upon the Lot or Dwelling. The lien for unpaid assessments shall be prior to and superior to all other liens, except (1) liens for real estate taxes and other governmental assessments or charges against the unit and (2) the lien or charge of any first mortgage of record recorded before the date on which the assessment sought to be enforced became delinquent and made in good faith and for value.

15.06 Rules and Regulations of the Steelwood Owner's Association. The Steelwood Owner's Association may promulgate reasonable rules and regulations concerning the use and enjoyment of the General Common Area which may be amended from time to time, including the right to enforce said rules or regulations by assessing fines and monetary penalties against those responsible for violations thereof which fines and monetary penalties may be collected and enforced in the same manner as assessments provided for in this Section 15.

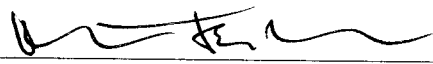
XVI Owner's Acceptance

Each Person or entity who shall acquire any Lot or Dwelling in the Development or interest in or lien upon any such Lot or Dwelling shall be deemed, by accepting a conveyance of or otherwise acquiring such Lot or Dwelling, interest or lien, to have agreed and consented, within the meaning of this Declaration to be bound by the terms and provisions hereof and to have further agreed and consented that any amendment to this Declaration executed by the Declarant alone pursuant hereto shall be binding and effective as written. Each Owner, by acceptance of a deed or other instrument conveying any interest in any Lot or Dwelling does hereby waive all rights of uncontrolled and unlimited access, ingress to and egress from such Lot or Dwelling over and across the

property described herein and acknowledges and agrees that (i) in order to provide quiet enjoyment, access and ingress to and egress from the Lot or Dwelling may be controlled, restricted and limited to exclude the general public therefrom, and (ii) access, ingress to and egress from the Lot or Dwelling shall be limited to the terms contained herein, including existing all parking areas, designated parking spaces, sidewalks, walkways, paths, cart paths, common cart storage areas, trails and bicycle and jogging paths and lanes designated by the recorded plat, or as may be designated by the Declarant or the Steelwood Owner's Association.

This act has been signed by CABB Development in the presence of the under signed witnesses on September 30, 2005, in Foley, Alabama

CABB Development, L.L.C.

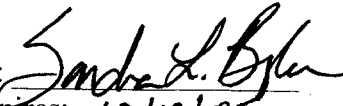
By: 

Its: Manager

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned authority, in and for said State and County, do hereby certify that the name is signed to the foregoing instrument, who is known to me, acknowledged before me this day, that being informed of the contents thereof, executed the same voluntarily and on the day the same bears date.

Given under my hand and official notarial seal this 30th day of September, 2005.

NOTARY PUBLIC: 

My Commission Expires: 12/18/05

This instrument was prepared by:

C. Britton Bonner, Esq.
Bonner Landreau Kingrea LLC
350 N. Alston Street
Foley, Alabama 36535
Phone: (251) 943-5727
Fax: (251) 943-5738
bbonner@blklawyers.com

Exhibit "A"

COMMENCE AT THE NORTHEAST CORNER OF LOT 10 OF LAKEVIEW @ STEELWOOD AS RECORDED ON SLIDE 2142E, PROBATE RECORDS, BALDWIN COUNTY, ALABAMA; RUN THENCE IN A CURVE TO THE LEFT HAVING A RADIUS OF 825.00 FEET FOR AN ARC DISTANCE OF 13.24 FEET, A CHORD OF SOUTH 62 DEGREES 26 MINUTES 03 SECONDS EAST FOR 13.24 FEET; THENCE SOUTH 63 DEGREES 02 MINUTES 57 SECONDS EAST ALONG THE SOUTH RIGHT OF WAY OF WATERVIEW DRIVE EAST (50' R.O.W) 92.50 FEET; THENCE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 500.00 FEET FOR AN ARC DISTANCE OF 224.30 FEET, A CHORD OF SOUTH 65 DEGREES 51 MINUTES 36 SECONDS EAST FOR 222.43 FEET; THENCE SOUTH 78 DEGREES 46 MINUTES 16 SECONDS EAST, 263.67 FEET; THENCE IN A SOUTHEASTERLY DIRECTION ALONG SAID WATERVIEW DRIVE EAST ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 4000.00 FEET, AN ARC DISTANCE OF 48.51 FEET, A CHORD OF SOUTH 78 DEGREES 24 MINUTES 02 SECONDS EAST, 48.51 FEET; THENCE SOUTHEASTERLY ALONG SAID WATERVIEW DRIVE EAST IN A CURVE TO THE RIGHT HAVING A RADIUS OF 4000.00 FEET, AN ARC DISTANCE OF 199.65, A CHORD OF SOUTH 76 DEGREES 37 MINUTES 24 SECONDS EAST, 199.63 FEET; THENCE ALONG SAID WATERVIEW DRIVE EAST SOUTH 75 DEGREES 10 MINUTES 15 SECONDS EAST, 138.42 FEET; THENCE ALONG SAID WATERVIEW DRIVE EAST IN A CURVE TO THE RIGHT HAVING A RADIUS OF 225.00 FEET, AN ARC DISTANCE OF 70.88 FEET, A CHORD OF SOUTH 66 DEGREES 11 MINUTES 55 SECONDS EAST, 71.69 FEET; THENCE SOUTH 46 DEGREES 15 MINUTES 53 SECONDS WEST, 713.82 FEET; THENCE NORTH 68 DEGREES 51 MINUTES 42 SECONDS WEST, 92.25 FEET; THENCE NORTH 71 DEGREES 13 MINUTES 15 SECONDS WEST, 120.00 FEET; THENCE SOUTH 66 DEGREES 49 MINUTES 08 SECONDS WEST, 515.74 FEET; THENCE NORTH 75 DEGREES 56 MINUTES 27 SECONDS WEST, 149.92 FEET; THENCE NORTH 35 DEGREES 38 MINUTES 24 SECONDS WEST, 176.54 FEET; THENCE NORTH 29 DEGREES 36 MINUTES 20 SECONDS WEST, 219.73 FEET; THENCE NORTH 38 DEGREES 03 MINUTES 50 SECONDS WEST, 305.50 FEET TO THE SOUTH RIGHT OF WAY LINE OF WATERVIEW EAST AND THE POINT OF BEGINNING. CONTINUATION 2.1± ACRES LYING IN SECTION 13, TOWNSHIP 4 SOUTH, RANGE 3 EAST, BALDWIN COUNTY, ALABAMA.