

4.14 Animals. No bees or other insects, chickens, horses, pigs, cows, sheep, goats or other recreational, work, farm or large animals of any kind shall be kept or maintained in the Subdivision at any time, temporarily or otherwise. As provided in Section 6.17, the Association may, in its discretion, from time to time adopt and amend reasonable Rules and Regulations pertaining to the kinds and number of pets that an Owner shall be permitted to have in the Subdivision, and the Association is authorized to enforce such Rules and Regulations if and to the extent so adopted by it. All pets that are kept or maintained by any Owner shall be fenced or restrained in such manner that they cannot run loose in the Subdivision, or become an annoyance or nuisance to the neighborhood. No commercial breeding or boarding of animals shall be permitted in the Subdivision.

4.15 Trailers Trucks. Mobile Homes, Boats and Prohibited Uses. No house trailer, truck (other than a pick-up truck), or mobile home shall be permitted on any Lot, except trucks may be permitted for use during construction and temporary repairs to any building, structure or other improvement on the Lot. Travel trailers, hauling trailers, "habitable motor vehicles", boats and boat trailers must be shielded from view by a privacy fence.

No trailer, mobile home, camper, recreational vehicle or other vehicle, or boat shall at any time be used as a dwelling, temporarily or otherwise.

NO VEHICLES SHALL BE PARKED IN YARDS

4.16 Basketball Backboards and Other Fixed Play Structures. No basketball goals or backboards or other fixed game or play structures shall be located on any Lot except on the side or rear of the house or garage or unless the same is screened from the street.

4.17 Activities. No trade, business or commercial activities of any kind (other than as permitted by Section 3.1 and the activities of Developer and/or the Owner of a Lot, and their respective contractors and subcontractors, during the construction, repair and maintenance of the improvements on and landscaping of the Lot), or obnoxious, offensive, or illegal activity shall be permitted or conducted upon any Lot or elsewhere in the Subdivision, nor shall anything be done thereon that may be or become an annoyance or a nuisance to the neighborhood or violation of the laws and regulations of the United States of America, the State of Alabama, the County or Municipality, or this Declaration, or the Articles of Incorporation or Bylaws. No junk, inoperable motor vehicles or other unsightly personal property shall be kept or maintained on any Lot or elsewhere in the Subdivision except for minor emergency repairs. Inoperable motor vehicles or those in a state of disrepair, shall be made operable or repaired at locations other than within the Subdivision.

4.18 Each Owner's Obligation to Repair. All buildings, structures and improvements on each Lot shall at all times be maintained and kept in a proper and good state of repair by the Owner of the Lot, at his expense. All exposed

4.19 Adjoining Lots. For the purposes of this instrument, and subject to the approval of the Planning Commission, if required, any Owner having two or more adjoining Lots may combine such Lots. All expense of obtaining such approval shall be borne by the Owner requesting such approval. Thereafter, the combined Lots shall be deemed a single Lot for all purposes hereunder.

ARTICLE V

EASEMENTS

The easements shown on the Plat are hereby adopted as part of these restrictions. Developer reserves unto itself and its successors and assigns the right and easement, but does not assume any obligation, to construct, install, maintain, repair or replace power, water, gas, sewer, telephone or other utility lines, equipment or facilities or drainage ditches within the easements shown on the Plat, and to construct, install, operate, maintain, repair, or replace walls, fences, shrubbery, bushes, trees or other decorative or screening improvements in, on, over and under any easement shown on the Plat, with full right of ingress and egress to and from the street and said easements and the right to contract generally with others for the doing of any or all of such things as the Developer, in its discretion, may deem appropriate or convenient in connection therewith.

ARTICLE VI

OWNERS ASSOCIATION

6.1 Formation. Abbey Ridge Property Owners Association, Inc. (the "Association"), an Alabama nonprofit corporation formed by Developer, has been organized and shall be operated to provide for the management, maintenance, and care of the Common Elements in accordance with this Declaration, the Articles of Incorporation and Bylaws, and to administer and enforce the rights, covenants, restrictions, affirmative obligations and conditions set forth herein, for the common good of the Members; and shall have the powers and duties set forth herein and in the Articles of Incorporation and Bylaws.

The Association will be the homeowners association with respect to the Subdivision within the meaning of Sec. 528 of the *United States Internal Revenue Code*, as amended (the "Code"), and the Regulations thereunder.

6.2 Association's Obligation to Repair. The Association, at its expense, and without any cost or expense to the County or Municipality or any other public body, shall be responsible for the maintenance and repair of the following:

(1) The Common Elements and all easements and rights-of-way within the Subdivision (except the public street(s) and right(s)-of-way after the County or Municipality or other public body assumes the responsibility for the maintenance thereof); and

consequence of the negligence, recklessness or willful misconduct of such Person. The cost of repair for any damage so caused by an Owner, his family members, guests, invitees, lessees or licensees shall be a special assessment against the Owner responsible therefor.

6.3 Membership. The membership of the Association at all times shall consist exclusively of all Owners (including Developer as long as it owns a Lot). The Developer shall be deemed to be the Owner of each Lot which has not been conveyed to a Person other than Developer; and shall be entitled to all rights and privileges available to, and shall be subject to any and all obligations and duties imposed upon, the Owner of any such Lot under this Declaration and the Articles of Incorporation, Bylaws and, if and to the extent adopted, the Rules and Regulations of the Association, as the same may be amended from time to time (collectively the "Governing Documents").

The Association shall have only one class of member. Each Owner shall cease being a member of the Association at the time he no longer owns a Lot. Change of membership in the Association shall be established by recording in the Office of the Judge of Probate of Baldwin County, Alabama, the deed or other instrument establishing record title to a Lot, and the delivery to the Association of a true and correct photocopy of such instrument as recorded, showing all recording data, the Owner designated by such instrument thereby becoming a record Owner and a Member of the Association. Membership of the prior Owner shall thereby be terminated. All present and future Owners shall be subject to and shall comply with all of the provisions of the Governing Documents.

The Members shall not, as such, be liable for the obligations of the Association.

6.4 Meetings. The annual meeting of the Members shall be held on such date and at such time and place as shall be provided in the Bylaws. Failure to hold any annual meeting of the Members at the designated time shall not work a forfeiture or dissolution of the Association.

Special meetings of the Members may be called by the President or the Board of Directors. Special meeting of the Members may also be called by such other officers or Persons or number or proportion of Members as may be provided in the Bylaws. Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Secretary or other officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Member or to any other mailing address designated in writing by such Member and filed with the Secretary. The notice of the meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration, the Articles of Incorporation or the Bylaws, any budget changes and any proposals to levy special assessments or to remove an officer or member of the Board of Directors, provided, however, that if the initial meeting is adjourned, the purpose of the meeting need not be set forth in the notice of any subsequent meeting called for

may be called on not less than ten (10) days written notice of each such subsequent meeting; and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the immediately preceding meeting; provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

If a quorum is present at a meeting, the affirmative vote of a majority in interest of the Members represented at the meeting and entitled to vote on the subject matter shall be the act of the Members, unless a greater number is required by the Act, this Declaration, the Articles of Incorporation or the Bylaws.

6.6 Voting Rights. Each Member in good standing shall be entitled to one vote on each matter submitted to a vote of Members. On all issues decided by a vote of the Members each Owner, including Developer, shall be entitled to one vote for each Lot owned by him. If a Lot is owned by more than one Person, the Owners of the Lot, collectively, shall be considered a single Member, and may designate among themselves by proxy the one of their number entitled to vote for all of them. If only one of the multiple Owners of a Lot is present at a meeting of the Association, he shall be entitled to cast all the votes for that Lot. If more than one of the multiple Owners are present, the votes for that Lot may be cast only in accordance with a written agreement of a majority in interest of the multiple Owners, unless the Bylaws expressly provide otherwise. There shall be a majority agreement if any one of the multiple Owners of the Lot casts the votes for that Lot without protest being made promptly to the person residing over the meeting by any of the other Owners of the Lot.

An Owner may not revoke a proxy given pursuant to this Section except by written notice of revocation filed with the Secretary prior to a meeting or actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall be void if it is not dated or purports to be revocable without notice. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

6.7 Board of Directors. The activities and affairs of the Association shall be managed by the Board of Directors, provided, however, that the Board shall not exercise any power or authority conferred herein or by the Act or Articles of Incorporation upon the Members.

The Board of Directors may not act on behalf of the Association to amend this Declaration or to elect directors or to determine the qualifications, powers and duties, or terms of office of the members of the Board of Directors, but, except as provided below, the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

The initial members of the Board of Directors named in the Articles of Incorporation shall hold office until the first annual meeting of the Members. Thereafter, directors shall be elected or appointed in the manner and for the terms provided in the Bylaws; provided, however, that the Developer may appoint and

its control of the Association at an earlier date.

Until the termination of the period of Developer control of the Association, the members of the Board of Directors appointed by the Developer may, but need not be, Owners.

Upon the termination of the period of Developer control of the Association, the Owners shall elect a Board of Directors of a least three members, all of whom shall be Owners.

The Board of Directors shall elect the officers. The members of the Board of Directors and officers shall take office upon election.

6.8. Allocation of Common Expense Liabilities. Except for assessments for Common Expenses caused by the misconduct of an Owner, his invitees, licensees, employees or contractors, which shall be assessed against such Owner, all Common Expenses shall be assessed ratably against the Owner(s) of each Lot (including Developer as to all Lots owned by it). The amount of each assessment for Common Expense Liabilities allocable to the Owner(s) of each Lot shall be expressed by a percentage relating to each Lot, which shall be determined by multiplying one hundred percent (100%) times a fraction, the numerator of which shall be one (1) and the denominator of which shall be the total number of Lots in the Subdivision (including all additional phases when added to the Subdivision).

6.9 Obligations of Owners. Each Owner shall, by acceptance of title to his Lot, be conclusively presumed to have agreed to abide by the provisions of the Governing Documents, and to pay, when due, all assessments due by him to the Association, together with interest thereon from the due date at the interest rate, not to exceed the maximum legal rate, set by the Association.

6.10 Liens. The Association shall have a lien on each Lot and the improvements thereon for any unpaid assessments due by the Owner(s) thereof, duly made by the Association, together with interest thereon at the rate aforesaid, and reasonable attorney's fees and costs. Such lien shall be effective from and after the time of recording in the Office of the Judge of Probate of Baldwin County, Alabama of a claim of lien stating the description of the Lot, the name of the record Owner(s), the amount due and the date when due. Such claim of lien shall include only sums that are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by the lien, the party making payment shall be entitled to a recordable satisfaction of lien. All such liens shall be subordinate to any lien for property taxes, the lien of any mortgage of record and any other lien recorded prior to the time of recording of the claim of the Association's lien. Such liens may be foreclosed by an action brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. The Association shall have the power to bid in the Lot and improvements thereon at foreclosure sale and to acquire, hold, lease, mortgage and convey the same. An action to

assessment is made. Each such assessment, together with the interest thereon and costs of collection thereof as herein provided, shall also be the personal obligation of any Person who is an Owner of such Lot at the time the assessment falls due, or, in the event there is more than one Owner of any Lot, each and every such Owner shall be personally liable for the entire assessment due for such Lot, said obligation being joint and several.

6.11 Financial Records. The Association shall keep financial records in sufficient detail to enable it to furnish to each Member a statement setting forth the amount of the annual assessment and any unpaid expense or special assessment currently due and payable from such Member; the most recent regularly prepared balance sheet and cash receipts and disbursements statement, if any, of the Association; the current operating budget of the Association; a statement of any unsatisfied judgments against the Association and any pending suit in which the Association is a party; and such other records and information as shall from time to time be required by the Board of Directors. All financial and other records of the Association shall be made reasonably available for examination by any Member or his authorized agents, and such records shall be made available in Baldwin County, Alabama.

6.12 Dealings with Association. With respect to a third person dealing with the Association, the existence of the Association's powers and the proper exercise thereof by the Association may be assumed without inquiry, unless such person has actual knowledge that the Association is exceeding or improperly exercising its powers. A third person shall not be bound to assure the proper application of any funds paid or assets delivered to the Association.

6.13 Annual Assessments. The annual assessment each year shall be fixed by the Board of Directors and shall be payable in equal monthly or quarterly installments commencing whenever the Board of Directors shall determine it to be necessary or appropriate to provide funds for and/or a reserve for Common Expenses. The Association shall have the authority to make assessments, as shall be fixed and may be changed by the Board of Directors from time to time. If the Board fails to establish a new assessment amount for any year, or to fix the manner in which the same shall be payable, then the Members may establish such.

Within thirty (30) days after making any such assessment, the Board of Directors shall notify all of the Owners of the total amount of such assessment and the amount thereof allocable to each Lot.

6.14 Special Assessments. In addition to the annual assessments, the Association may levy in any year or years, one or more special assessments, applicable to that year only, for the purpose of defraying in whole or in part the cost of any unexpected repair, replacement or improvement of the Common Elements, provided that any such assessment shall have the assent of a majority of all votes cast at a meeting of the Members duly called for such purpose, and at which a quorum of the Members (determined as provided in Section 6.5) is present, in person or by proxy, written notice of which setting forth the purpose of