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STATE OF ALABAMA:  
COUNTY OF BALDWIN:

**DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS**

**OF**

**QUAIL HOLLOW SUBDIVISION**

THIS DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS (this "Declaration") is made this 29<sup>th</sup> day of December, 2014, by SF APT 2012, L.L.C., an Alabama limited liability company ("Declarant").

**WITNESSETH:**

WHEREAS, on December 22, 2014, Declarant recorded at Slide Numbers 2523-E and 2523-F in the Office of the Judge of Probate of Baldwin County, Alabama, a subdivision plat for Quail Hollow Unit 1 (the "Phase 1 Plat") pertaining to certain real property owned by Declarant in Baldwin County, Alabama, as more specifically described on the Phase 1 Plat.

NOW, THEREFORE, DECLARANT HEREBY DECLARES, that subject to the provisions hereof, all of the Lots (hereinafter defined) shall be held, sold and conveyed by the Owners and the Common Property (hereinafter defined) shall be held by the Association subject to the restrictions, covenants and conditions contained herein for the purposes of protecting the value and desirability of, and which shall run with, the Community Property (hereinafter defined) and be binding on all parties having any right, title or interest in the Community Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner of any portion thereof.

**ARTICLE ONE**  
**GENERAL PROVISIONS**

1.01 Restrictive Covenants and Easements Running with the Land. The use of the Community Property shall be in accordance with the provisions and restrictions of this Declaration, all of which are to be construed as restrictive covenants and/or easements, as applicable, running with the land and with the title to each and every Lot and shall be binding

upon all Owners and other persons having interests therein and upon their heirs, personal representatives, successors, grantees and assigns.

1.02 Terminology. Whenever the context requires, words used in the singular shall be construed to mean or to include the plural and vice versa, and pronouns of any gender shall be deemed to include and to designate the masculine, feminine or neuter gender.

1.03 Definitions. The following terms, when capitalized herein, shall have the meaning set forth in this Section 1.03:

- (a) "Additional Property" means that certain real property described on Exhibit "A" attached hereto.
- (b) "Adult" means a person of age twenty-one (21) or older.
- (c) "Architectural Review Committee" means the Architectural Review Committee as established by the Board of Directors in accordance with the Bylaws.
- (d) "Articles of Incorporation" means the Articles of Incorporation of Quail Hollow Owners Association, Inc., an Alabama non-profit corporation, as recorded in the records of the Office of the Judge of Probate of Baldwin County, Alabama, as the same may hereafter be amended, altered or repealed from time to time.
- (e) "Association" means Quail Hollow Owners Association, Inc., an Alabama non-profit corporation.
- (f) "Board" or "Board of Directors" means the Board of Directors of the Association, established in accordance with the Articles of Incorporation and Bylaws of the Association.
- (g) "Builder" means any commercial home builder or contractor who is in the business of constructing residential structures to sell to owner-occupants and shall include, without limitation, DHI.
- (h) "Bylaws" means the Bylaws of Quail Hollow Owners Association, Inc., an Alabama non-profit corporation, as the same may hereafter be amended, altered or repealed from time to time.
- (i) "Common Expense" means any and all expenses of the Association (i) associated with the ownership, maintenance, repair and/or replacement of the Common Property; (ii) in repairing and maintaining any Party Roof, the exterior of any Townhome(s), and otherwise performing any repair and/or maintenance in accordance with the terms and conditions of Article Eleven hereof; (iii) in obtaining and maintaining any and all insurance required or otherwise permitted in accordance with Article Twelve hereof; and (iv) otherwise denominated hereunder as a Common Expense.

- (j) "Common Property" means all (i) real property within the Subdivision which is owned or leased by the Association or dedicated for use or maintenance by the Association or its members, regardless of whether title has been conveyed to the Association, and (ii) any and all personal property and fixtures owned by the Association.
- (k) "Community Property" means all of the Lots and the Common Property, collectively.
- (l) "Declarant" means the initial Declarant named in the introductory paragraph hereof and its successors and assigns (where the rights of the Declarant hereunder are expressly assigned to and assumed by such assignee).
- (m) "DHI" means D.R. Horton, Inc. – Birmingham, an Alabama corporation.
- (n) "Lot" means each and every numbered lot shown on the Plat of Subdivision.
- (o) "Member" means every person or entity who is a member of the Association.
- (p) "Mortgagee" means a holder or beneficiary of any mortgage, deed with vendor's lien reserved, or any other form of instrument used for the purpose of encumbering or conveying real property as security for payment or satisfaction of any obligation.
- (q) "Owner" means the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding mortgagees, lien holders, lessees, tenants, and those having such interests solely as security for the performance of an obligation.
- (r) "Party Roof" means a common roof system for any Townhome sharing a Party Wall(s).
- (s) "Party Wall" means a common wall separating any Townhomes located on two (2) or more separate Lots that is constructed, improved, maintained, repaired and replaced on the boundary line between said two (2) or more Lots.
- (t) "Person" means any individual, corporation, trust, partnership, joint venture, limited liability company or other entity.
- (u) "Plat of Subdivision" means, collectively, the Phase 1 Plat and any additional plat or plats of real property that are hereafter recorded where such real property is annexed to this Declaration in accordance with the terms of Section 10.02 hereof.
- (v) "Subdivision" means Quail Hollow Subdivision, as shown on the Plat of Subdivision.

- (w) "Townhouse" or "Townhome" means any single family dwelling unit situated upon a Lot.
- (x) "Townhome Building" means two (2) or more Townhomes that are attached to one another via the sharing of a Party Wall(s).
- (y) "Turnover" means the earlier to occur of (i) Declarant relinquishing control of the Association in a written instrument recorded in the real property records of Baldwin County, Alabama, (ii) three (3) months after ninety percent (90%) of the lots in the Subdivision, including lots to be created out of the Additional Property in accordance herewith, have been conveyed to persons other than Declarant or Declarant's successors or assigns, or (iii) December 31, 2024; provided however, in the event of a conflict between the Alabama law and the foregoing, the applicable Alabama law shall control.

## **ARTICLE TWO**

### **COMMON PROPERTY**

2.01 Common Property. The Association, subject to the rights of the Owners set forth in this Declaration, the Articles of Incorporation and the Bylaws, shall be responsible for the exclusive maintenance, management, and control of the Common Property and all improvements thereon (whether now in existence or hereafter constructed and/or installed), and shall keep the Common Property in good, clean, attractive, and sanitary condition, order, and repair pursuant to the terms and conditions of this Declaration. Buildings and improvements of a permanent nature erected or placed on the Common Property and any activities that alter the nature of the Common Property shall require the prior approval of the Members. The Association has the right to restrict the use and govern the operation of the Common Property by promulgating reasonable rules and regulations, including with respect to any Common Property facilities; the right to charge reasonable one-time or monthly fees for the use thereof by the Owners as the Association deems necessary or appropriate. Rules and regulations may be established by the Association to regulate the use of the Common Property. The necessary work or maintenance, repair and replacement of the Common Property and the making of any additions or improvements thereto shall be carried out only as provided in this Declaration, the Articles of Incorporation and the Bylaws.

2.02 Right of Enjoyment. Subject to any rules and regulations promulgated by the Board of Directors, every Member shall have a right and easement of enjoyment of the Common Property, and such easement shall be appurtenant to and pass with the title to each Lot.

2.03 Restrictive Covenant on Common Property. A restrictive covenant is hereby imposed on the Common Property such that no part of the Common Property may be developed for residential or commercial purposes; provided, however, that the Declarant and/or the Association shall have the right, but not the obligation, to construct and install amenities on the Common Property that are for the use and enjoyment of the Members, subject to the terms and conditions hereof and any rules and regulations adopted by the Association. This restrictive

covenant shall run with each Lot and shall exist for the benefit of the Owners and be binding upon their successors and assigns.

2.04 Lots Subject to Covenants, Restrictions, Limitations and Term. Each Lot that shall be conveyed, held, devised, leased, or demised at any time hereafter shall be subject to all the terms, conditions, covenants, restrictions, and limitations herein contained, and the obligation to observe and perform the same whether or not it be so expressed in the deed or other instrument of conveyance of the Lot or real property, and such shall run with the Lot or real property and be appurtenant thereto as if fully set out in such deed or instrument of conveyance, subject to the terms and conditions hereof.

2.05 Easements.

- (a) Access Easement. An easement for vehicular and pedestrian access is hereby reserved over and across all private roadways in the Subdivision for the benefit of the Association, all Owners, and all agents, contractors, tenants and guests of all Owners (the "Access Easement"). The Association shall have the right to promulgate rules and regulations for the use of the Access Easement. The maintenance and repair of the road surface that constitutes the Access Easement shall be performed by the Association and shall be a Common Expense.
- (b) Easements and Buffer Strips. All easements and buffer strips shown on the Plat of Subdivision, if any, are hereby adopted as part of this Declaration and all Lots in the Subdivision shall be subject to such easements and buffer strips.
- (c) Structures. No dwelling unit, house, home, and/or other structure of any kind shall be built, erected, or maintained upon any easement, and said easements shall at all times be open and accessible to public and quasi-public utility corporations, and to other persons erecting, constructing, or servicing such utilities, and to the Association, its successors or assigns, all of whom shall have the right of ingress and egress thereto and therefrom, and the right and privilege of doing whatever may be necessary in, under, and upon said locations for the carrying out of any of the purposes for which said easements are hereby reserved and may hereafter be reserved.
- (d) Overhead Wires. No Lot shall be served with any overhead electrical or communications service, and no Owner shall erect power poles for such service; provided, however, that nothing herein shall be construed to prohibit overhead street lighting or ornamental yard lighting provided that such lighting is constructed in accordance with the terms and conditions hereof.

2.06 Control of Common Property. The Association may, upon approval by the Members, sell, subdivide, lease, mortgage, grant easements over or otherwise encumber the Common Property, or exchange all or any portion of the Common Property for Lots or other real property, or purchase or acquire any additional real property and dedicate the same as Common Property subject to the terms of this Declaration.

2.07 Condemnation. In the event of a taking by eminent domain of any portion of the Common Property on which improvements have been constructed, the Association shall restore or replace such improvements so taken on the remaining Common Property, unless within sixty (60) days after such taking, an alternative plan is approved by at least seventy-five percent (75%) of the voting interests of the Members. The provisions of this Declaration applicable to replacement or restoration of damaged improvements on the Common Property shall also apply to and govern the actions to be taken in the event that the improvements are not restored or replaced after a condemnation.

2.08 Liability. Owners, occupants and their guests shall use and enjoy the Common Property at their own risk and shall assume sole responsibility for their personal belongings used or stored there. The Association, the Declarant and their respective officers, directors, employees, representatives and agents shall not be held liable for personal injury to any person, nor for loss or damage to personal belongings used or stored on any of the Common Property. The Association shall not be liable for injury or damage to any person or property (a) caused by the elements or by an Owner or any other person, (b) resulting from any rain or other surface water which may leak or flow from any street, pipe, plumbing, drain, conduit, appliance, equipment, security system, utility line, facility, or from any portion of the Common Property, the responsibility for the maintenance of which is that of the Association, or (c) caused by any street, 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 or occupant for loss or damage, by theft or otherwise, of any property of such Owner or occupant.

### **ARTICLE THREE** **ASSOCIATION MEMBERSHIP AND VOTING RIGHTS**

3.01 The Association. The operation and administration of the Common Property shall be handled by the Association. The Association shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of Owners with reference to the Common Property and with reference to any and all other matters in which all of the Owners have a common interest. The Association shall have all the powers and duties set forth in the Articles of Incorporation and the Bylaws. The Association shall have a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Common Property and further, shall have the right to grant permits, licenses, and easements over the Common Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Common Property. The Board of Directors shall have the authority and duty to levy and enforce the collection of general and specific assessments for common expenses and is further authorized to provide adequate remedies for failure to pay such assessments.

3.02 Membership. Each Owner shall be a Member, subject to the terms and conditions of the Articles of Incorporation and the Bylaws.

3.03 Voting. Voting by Owners shall be in accordance with the Bylaws.

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

3.05 Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Property, the Party Roofs, the Party Walls, and for such other purposes as may be set forth herein (the "Reserve Account"). The Reserve Account shall be maintained out of regular assessments for Common Expenses.

#### **ARTICLE FOUR** **COVENANT FOR ASSESSMENTS**

4.01 Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges for the Common Expenses, (2) special assessments for capital improvements to the Common Property, and (3) the lien for assessments for capital improvements to the Common Property by any governmental entity ("Governmental Assessments"), as such assessments are hereinafter established and shall be collected as hereinafter provided. The annual, special, and Governmental Assessments, together with interest, costs, late fees, administrative fees, and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the property against which each such assessment is made. Any payment received and accepted by the Association shall be applied first to any interest accrued, then to any administrative or late fee, then to any costs and reasonable attorney's fees, and then to the delinquent assessments. Each such assessment, together with interest, costs, late fees, administrative fees, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to successors in title.

4.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to provide for the (a) management, care and maintenance of the Common Property and any improvements constructed thereon, including provision for appropriate insurance against casualty and liability and for the purposes set forth herein, (b) maintenance and repair of any aspect of the Townhomes that is delegated to the Association in accordance with Article Eleven hereof, and (c) performance of any and all matters that are declared herein to be a Common Expense. The Association shall have the obligation to maintain the Common Property (including, without limiting the generality of the foregoing, any and all roads, easements, drainage facilities, landscaping, structures, holding and retention ponds, and the like, whether denominated as such or otherwise) and shall pay all ad valorem property taxes assessed upon them. The Association may fund in the Reserve Account such sums as it determines in good faith are necessary and adequate to make periodic repairs and improvements to any part of the Common Property, the Party Roofs and the Party Walls.

4.03 Annual Assessments. To provide the total sum necessary for the Common Expenses, each Member for each Lot owned shall pay a portion of the total amount necessary for such purposes to the Association. The portion to be paid by each Member for each Lot owned shall be calculated as set forth in the Articles of Incorporation. The amount of assessment assessed against each Member as provided under the foregoing sentence shall be assessed by the Association as a lien at the beginning of each annual assessment period.

4.04 Special Assessments for Capital Improvements Upon Common Property. In addition to the annual assessments authorized above, the Board of Directors may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Property and any entrance wall or signage, including fixtures and personal property related thereto; provided, however, that the total of all such special assessments for any given calendar year shall not exceed \$500.00 per Lot, unless such special assessments in excess of such total are approved by the affirmative vote of the Members holding a majority of the voting rights in the Association.

4.05 Date of Commencement of Annual Assessments and Due Dates. The annual assessments provided for herein shall commence as to a particular Lot upon conveyance of the Lot to any Owner who is not Declarant or a Builder. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The Board of Directors shall have the authority to require annual assessments to be paid in monthly, quarterly or semi-annual installments.

4.06 Effect of Nonpayment of Assessments and Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall (a) bear interest thereon at a rate to be set by the Board of Directors but in no event greater than the maximum percentage rate as may then be permitted under the laws of the State of Alabama, and (b) be subject to the imposition of late fees and administrative fees as determined by the Board of Directors from time to time. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same, foreclose a lien against the property or seek injunctive relief. Interest, costs, late fees, administrative fees, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to or other conveyance of an interest in a Lot, hereby expressly vests in the Association the right and power to bring all actions against such Owner personally for the collection of each charge as a debt and to foreclose the aforesaid lien by all methods available for the enforcement of such liens, including foreclosures by an action brought in the name of the Association in a like manner as a mortgage lien on real property and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all Owners. The Association, acting on behalf of the Owners, shall have the power to bid for an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of said Owner's Lot. The Board of Directors may also suspend the use rights of

any Owner of the Common Property in the event of a failure to pay any assessment within thirty (30) days of the applicable due date.

4.07 Subordination of the Lien to Mortgages. The lien of the assessments provided for herein, except for any Governmental Assessment, shall be subordinate to the lien of any first mortgage on a Lot. Sale or transfer of any Lot shall not effect the assessment lien; provided, however, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage on said Lot or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, except any Governmental Assessment. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof or relieve the prior Owner from any personal liability for any unpaid assessments occurring prior to said sale or transfer.

4.08 Estoppel Letter. The Association shall, within thirty (30) days after receiving a written request therefor and for a reasonable charge, as established by the Board of Directors, certify to the amount of any unpaid assessments constituting a lien on a specified Lot. A certification letter signed by an officer of the Association or the Association's managing agent, if any, as to the amount of assessments due with respect to a Lot shall be binding upon the Association.

## ARTICLE FIVE

### MAINTENANCE AND REPAIR OF COMMON PROPERTY

5.01 Maintenance. The Association shall provide maintenance of the Common Property. In addition, the Association shall have the right, but not the obligation, to maintain other property not owned by the Association, whether within or without the Subdivision and to enter into easement and covenant to share costs agreements regarding such property where the Board has determined that such action would benefit the Owners.

5.02 Damage to Common Property. Notwithstanding anything contained in this Article Five to the contrary, each Owner shall be personally responsible and personally liable for any damage to the Common Property, or any portion thereof, caused by the Owner and/or the Owner's family members, guests, invitees, lessees or licensees as a consequence of the negligence, recklessness or willful misconduct of such person. The cost of repair for any damage so caused by the Owner, the Owner's family members, guests, invitees, lessees or licensees shall be a special assessment against the Owner responsible therefor and the Lot of such Owner.

## ARTICLE SIX

### ARCHITECTURAL CONTROL

6.01 Submission of Plans and Specifications. No Townhome, building, fence, wall, or other structure or improvement shall be constructed, erected, or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted by an Owner to and approved in writing as in harmony with this Declaration and the external design and location of the surrounding structures and topography by

the Architectural Review Committee. Two (2) copies of the final building or construction plans, specifications, and plot plan showing the location of each building, structure, or improvement (collectively, the "Plans") shall be submitted to the Architectural Review Committee. Prior to commencement of any construction activities on a Lot, an Owner's Plans must be approved by the Architectural Review Committee as to conformity and harmony with this Declaration and of external design with the existing or planned structures in the Subdivision and as to location of the building, structure, or improvement with respect to topography and finished ground elevation. The Architectural Review Committee may, from time to time, establish additional written design guidelines for the Subdivision, and a copy of any such guidelines then in effect shall be made available to any Member requesting a copy of same from the Association.

6.02 Approval or Disapproval. The Architectural Review Committee shall indicate its approval or disapproval of such plans and specifications by delivering, in writing, notice of such approval or disapproval to the requesting Owner. In the event the Architectural Review Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval shall be deemed automatically given.

6.03 Right of Inspection. The Architectural Review Committee shall have the right, but not the obligation, to inspect the Owner's Lot and improvements during construction and prior to occupancy to insure construction in accordance with the construction plans submitted and approved by the Architectural Review Committee. Failure of an Owner to comply with the provisions of this Section 6.03, or failure of an Owner to carry out construction in accordance with the provisions of this Article, shall subject such Owner to such remedies as might be available at law or in equity (including, but not limited to, specific performance and injunction, payment of the prosecuting parties' reasonable legal fees and expenses).

6.04 Limited Review. The scope of review by the Architectural Review Committee is limited to appearance only and does not include any responsibility for structural soundness, suitability of construction or materials, compliance with building or zoning codes or standards, this Declaration, or any other similar or dissimilar factors.

6.05 Waiver of Liability. Neither the Architectural Review Committee nor any architect nor agent thereof nor the Association nor any agent or employee of any of the foregoing shall be responsible in any way for the failure of any improvements to comply with the requirements of this Declaration, nor for any defects in any plans and specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications, and all persons relying thereon or benefiting therefrom agree not to sue or claim against the entities and persons referred to in this Section for any cause arising out of the matters referred to herein and further agree to and do hereby release said entities and persons for any and every such cause.

**ARTICLE SEVEN**  
**USE RESTRICTIONS**

7.01 Residential Use. Each Lot is hereby restricted to a private, single-family dwelling for residential use.

7.02 Subdivision of Lots. Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions, and provisions hereof, to easements and rights-of-way, and matters of public record. No Lot may be subdivided into a smaller Lot or Lots unless approved by the Association; provided, however, that an entire Lot may be combined with an entire adjacent Lot and occupied as one Lot but assessed and governed as two Lots.

7.03 Signs. No sign of any kind shall be displayed on any Lot, except (i) that any Owner actively attempting to sell or lease such Owner's Lot and/or Townhome may place a "for sale" or "for lease" sign of less than four (4) square feet on his Lot provided that such sign must contain black lettering on a white background and otherwise conform to any additional rules that may be promulgated by the Association from time to time hereunder; (ii) during the building of homes in the Subdivision, the Declarant and/or the Builders in the Subdivision may place signs at the entrance and/or on any Lot to advertise the Subdivision and the Lots for sale therein; and (iii) any Owner may display a sign of reasonable size provided by a contractor for security services within 10 feet of any entrance to the home.

7.04 Noxious and Offensive Activity. No noxious or offensive activity shall be carried on, in or upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to any other Owner.

7.05 Design Criteria; Structure. All improvements to be constructed or otherwise located on a Lot by an Owner shall comply with the following requirements:

- (a) Any Townhouse shall contain a minimum of nine hundred fifty (950) square feet of heated and cooled living space.
- (b) No Townhouse may exceed three (3) habitable stories above grade.
- (c) Air-conditioning and heating units, blowers, towers, condensers or structures related thereto, when erected between the side of any building or structure and the side Lot line of the Lot on which said building or structure is located, shall be enclosed in conformity with the general architecture of the primary residential building or structure, or shielded by shrubbery. No window air-conditioning units shall be permitted without the prior approval of the Architectural Review Committee.
- (d) Underground electrical distribution facilities are required and no overhead electrical or similar wiring or lines shall be permitted.

- (e) All outside radio and T.V. antennas (including satellite dishes and other signal receiving/transmitting equipment) shall be installed in such a way as not to be visible from the front of the Lot and shall be placed on the back side of any roof, except as is otherwise approved by the Architectural Review Committee.
- (f) No plumbing or heating vent shall be placed on the front side of any roof. All vents protruding from roofs shall be painted the same color as the roof covering.
- (g) Driveways must be made of concrete, or if not, the alternative surface must be approved by the Architectural Review Committee; provided, however, that in no event may any Driveway be painted, scored or otherwise colored.
- (h) During construction, all Builders must keep homes and garages clean and yards cut.
- (i) No walls or fences may be constructed or erected around or on any Lot.
- (j) No outside clothes lines shall be permitted.
- (k) Existing drainage shall not be altered in any manner, and specifically shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot.
- (l) Any roof constructed over any structure on any Lot must be covered with composite shingles or such other types of roof coverings of a higher grade and quality than composite shingles as are approved by the Architectural Review Committee.

7.06 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot except that dogs, cats, and other household pets may be kept subject to the rules and regulations adopted by the Association, provided that they are not kept, bred, or maintained for any commercial purpose. Pets must be kept leashed and/or under control at all times.

7.07 Waste. No rubbish, trash, garbage, or other waste material shall be kept or permitted upon any Lot except in sanitary containers located in appropriate area, screened and concealed from view.

7.08 Miscellaneous. Except as otherwise provided for herein, no patio cover, building or storage unit of any kind shall be erected, placed or set on any Lot unless such structure is attached to the Townhouse erected on the same Lot and the architecture and character of such structure matches that of said Townhouse.

7.09 Temporary Structures. No structure of a temporary character, trailer, mobile home, motor home, modular building unit, basement, tent, shack, garage, barn, or other outbuilding shall be used at any time on the Lots as a residence, either temporarily or permanently.

7.10 Vehicles.

- (a) No inoperative cars, trucks, trailers, boats, campers or other types of vehicles shall be allowed to remain either on or adjacent to any Lot for a period in excess of forty-eight (48) hours; provided, however, this provision shall not apply to any such vehicle being kept in an enclosed garage.
- (b) No commercial trucks larger than a two-ton pickup shall be parked in the Subdivision, except those reasonably necessary to complete approved improvements and those parked temporarily for purposes of delivery of items to an Owner.
- (c) Recreational vehicles, campers, and boats shall be parked in garages or basements or stored out of view from the street.
- (d) No permanent parking on streets is allowed except in designated parking spaces (if any).
- (e) There shall be no major repair performed on any motor vehicle on or adjacent to any Lot unless performed inside an enclosed garage.
- (f) No noxiously loud or dangerous vehicles shall be allowed to be operated on any Lot.

7.11 Construction.

- (a) When the construction of any improvement upon any Lot has begun, work thereon shall be pursued diligently and continuously until full completion. During construction on any Lot, all vehicles involved in such construction, including those delivering materials and supplies, shall enter upon such Lot only at such a location as to not interfere with the flow of traffic in the Subdivision, and such vehicle shall not be parked on the streets and roads of the Subdivision. All construction sites must be kept clean, and debris shall not be allowed to accumulate. During construction, the use of dumpsters for routine cleaning of construction sites is permitted.
- (b) No residence constructed on any Lot may be occupied prior to its substantial completion.
- (c) In addition to compliance with the requirements set forth under this Declaration, any and all improvements on any Lot shall comply with the standards and provision of Baldwin County, and its applicable building code.

7.12 Pollution. There shall be no noxious emission of smoke, dust, odor, fumes, glare, noise, vibration, electrical or magnetic disturbance, detectable at the lot line or beyond.

7.13 Commercial Activity. No commercial activities of any kind whatsoever shall be conducted in any building or in any portion of any Lot; provided, however, that an Owner may conduct a business entirely within his Townhome so long as such business uses only ten percent (10%) of the total square footage of such Townhome and so long as such business is secondary to the use of the Lot for residential purposes.

7.14 Outdoor Lighting. All outside lights shall be of an intensity not to exceed 100 watts and shall be placed so as to avoid an annoyance to any neighbor. Said lighting shall be turned toward the ground and shall be shielded completely or by frosted glass or plastic in all directions so that it does not shine toward neighboring Lots. Flood lights which shine all night are specifically prohibited.

7.15 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or waste. All storage equipment for such material shall be kept in a clean and sanitary condition.

7.16 Oil and Mining Operations. No activity or hardware used for the purpose of exploration or extraction of minerals, oil, or gas shall be allowed on any Community Property at any time.

7.17 Firearms and Fireworks. The display or discharge of firearms or fireworks on any Lot or any Common Property is prohibited; provided, however, that the display of lawful firearms on the Common Property is permitted by law enforcement officers and also is permitted for the limited purpose of transferring firearms across the Common Property to or from an Owner's Lot. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size.

7.18 No Hanging of Items. No clothes, sheets, blankets, towels, laundry of any kind or other articles shall be hung out or exposed on any balconies, patios, or railings. Notwithstanding the foregoing, in the event the Association purchases any flags or other decorative items, each Owner shall hang any such flag or other decorative item from the exterior of such Owner's Townhome at the location, in the manner and at such times as shall be required by the Association in the Association's sole and absolute discretion.

7.19 Hazardous Items. No one shall use or permit to be brought onto any Lot or upon any of the Common Property any flammable oils or fluids such as gasoline, kerosene, naphtha or benzene, or other explosives or articles deemed hazardous to life, limb or property, without the written consent of the Board of Directors.

7.20 Water and Sewer Service. The Owner of each Lot shall be required to connect to and use the central water distribution system and central sanitary sewage disposal system serving the Subdivision, and shall be responsible for paying all connection fees and assessments. No septic tanks or wells will be permitted.

7.21 Windows and Window Treatments. Reflective glass shall not be permitted on the exterior of any Townhouse or other structure. No foil or other reflective materials shall be

installed on any windows or used for sunscreens, blinds, shades or for other purposes. All exterior window styles, materials, and colors must be approved by the Architectural Review Committee; provided, however, that in no event shall burglar bars and/or wrought iron doors be permitted.

7.22 Lots on Wetland Areas, Body of Water. No Lot shall be increased in size by filling in of any wetlands, body of water, creek or any waterway on which it may abut without appropriate governmental permits (if any are required) and prior written approval of the Architectural Review Committee.

7.23 Compliance With Law. In all cases, each Owner shall comply in all respects with all applicable laws, rules and regulations (including, without limitation, applicable zoning ordinances) promulgated by any governmental authority having jurisdiction over the Lots and the Common Property.

## **ARTICLE EIGHT**

### **ADDITIONAL RESTRICTIONS**

8.01 Leasing. Townhomes and Lots may be leased by an Owner for residential purposes only; provided, however, that such lease and the rights of any tenants thereunder are hereby made expressly subject to the power of the Association to prescribe reasonable rules and regulations relating to the lease and rental of Lots and Townhomes and to enforce the same directly against such tenant or other occupant by the exercise of such remedies as the Board of Directors deems appropriate, including eviction. No such lease shall be for less than six (6) months. Further, all leases must be in writing, with a copy provided to the Association upon request by the Association. Any Owner who leases his Townhome or any portion thereof shall be responsible for the acts of his tenants, including, without limitation, the violation of this Declaration and/or any rules and regulations promulgated by the Association hereunder.

8.02 Restrictions on Mortgaging Lots. Nothing contained herein shall be construed to place any restrictions on an Owner's right to mortgage his Lot.

8.03 Regulations. Reasonable regulations concerning the use of the Lots and the Common Property may be made, altered and amended from time to time by the Board of Directors.

8.04 Lender's Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or 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 Common Property or the Lot securing its mortgage.
- (b) Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage.

**ARTICLE NINE**  
**ENFORCEMENT; DURATION; AMENDMENT**

9.01 Enforcement. The Association, the Board of Directors, the Architectural Review Committee and/or any Owner shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges imposed by the provisions of this Declaration. Failure by the Association, the Board of Directors, the Architectural Review Committee and/or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

9.02 Enforcement by Owners. An Owner may file a legal action for the violation of this Declaration (the "Complainant"), provided that the following procedure is strictly followed:

- (a) The Complainant must first give the Association written notice of the alleged violation of this Declaration together with a demand seeking that the Association enforce the terms of this Declaration as against said violator; and
- (b) The Association must fail to cause a cure of the alleged violation or, if the alleged violation has not been cured, fail to commence legal proceedings against said violator for the enforcement of the terms and conditions of this Declaration within one hundred twenty (120) days of the date of the Association's receipt of the notice referenced in subsection (a) hereof.

9.03 Attorneys' Fees. In any action (whether in advance of or prior to the initiation of any legal or equitable proceeding, in arbitration, in trial, in any administrative or other similar proceedings, or in any appeal from any of the same) pertaining to any condition, restriction or covenant herein contained (due to their alleged violation or breach) or for the enforcement of any lien against any Lot or against any Person, unless otherwise expressly provided in this Declaration to the contrary for specific instances and conflicts, the prevailing party shall be entitled to recover all costs, including reasonable legal fees and expenses.

9.04 Term. This Declaration is to take effect upon recordation and shall be binding upon the Association and all Owners and all persons and entities claiming title under and through them for fifty (50) years after the date this Declaration is recorded in the public records, after which it shall be automatically extended for successive ten (10) year periods unless an instrument in writing, signed by Members holding at least eighty percent (80%) of the voting interests in the Association, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

9.05 No Additional Burden. Except as provided in Article Ten, no amendment of this Declaration shall place an additional burden or restriction or requirement on any Lot where the Owner of such Lot does not join in said amending instrument.

9.06 Amendments. Except as provided in Article Ten, this Declaration may be amended by vote of the Members having sixty-seven percent (67%) of the voting interests in the Association, or by a written instrument signed by the same percentage of Members. The Declarant shall have and reserves the right at any time and from time to time, without the joinder or consent of any other party to amend this Declaration by any instrument in writing duly signed, acknowledged and filed for record for the purpose of correcting any typographical or grammatical error, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not impair or adversely affect the vested property or other rights of any Owner or such Owner's Mortgagee.

## **ARTICLE TEN**

### **RESERVED DECLARANT RIGHTS**

10.01 General Reserved Rights. Until Turnover, Declarant reserves unto itself, its successors and assigns:

- (a) A right-of-way and easement for ingress and egress and easement for utilities, drainage, maintenance, repairs and other related uses over, along, and across the Common Property for all purposes relating in any manner to the subdividing, developing or aiding in the development of the Subdivision or any parts or parts thereof or additions thereto by Declarant or others.
- (b) The right to grant easements and rights-of-way of ingress and egress and for drainage, utilities, maintenance and repairs along, over, across and under the Common Property to any person, firm, corporation or entity for use as ingress or egress or for drainage, utilities, maintenance and repairs.
- (c) The right to maintain, and grant Builders the right to maintain, a sales office and/or a management office and/or one or more model homes in the Subdivision and to maintain signs therein advertising the Subdivision and to conduct its business and sales activities pertaining to the Subdivision therein and therefrom.

Except as set forth in Section 10.04, all of the above rights and interests reserved by Declarant may be exercised by Declarant without the consent or concurrence of the Association or any Member.

10.02 Right to Annex Property. Declarant hereby reserves the right, exercisable in its sole and absolute discretion, to (a) make any or all of the Additional Property subject to all or any of the terms and conditions of this Declaration and/or (b) permit owners of Additional Property to become Members of the Association. No assurances can be made as to whether any Additional Property will be annexed. Furthermore, Declarant expressly reserves the right to exercise this right on multiple occasions until such time as all Additional Property has been annexed into the Subdivision and made subject to this Declaration. No assurances can be made with respect to the boundaries of any portions of any Additional Property that might be annexed. The Additional Property may be annexed in accordance with this Section by an amendment to

this Declaration, which amendment may be made and entered into by Declarant in its sole and absolute authority and discretion without the consent, approval or signature of the Association or any Member (except for the consent rights granted in Section 10.04). Notwithstanding anything contained in this Section to the contrary, (a) no Additional Property shall be subject to this Declaration unless and until Declarant executes and records an amendment to this Declaration affirmatively exercising Declarant's rights hereunder in the office in which this Declaration is recorded, and (b) in the event Declarant exercises its right to annex any Additional Property in accordance with this Section, Declarant shall also have the sole and exclusive right to alter, or otherwise replace with other terms, the terms of Section 7.05 hereof as those terms pertain to any Lots created out of such Additional Property.

10.03 Amendment of Declaration by Declarant. Until Turnover, Declarant reserves unto itself the right, authority and power to amend this Declaration in any manner Declarant deems necessary and appropriate. Any amendment to this Declaration made in accordance with this Section shall require only the signature of Declarant and shall not require the signature of any other Owner or any Mortgagee of any Owner, except as required by Section 10.04.

10.04 Consent of D.R. Horton to Certain Matters. Declarant may not exercise any rights or take any action or grant any approval as Declarant under this Declaration without obtaining the prior written consent of DHI, except as follows: (a) Declarant may take any action or give any approval in the ordinary course as an Owner and not as Declarant; (b) Declarant may annex any or all of the Additional Property into this Declaration in accordance with Section 10.02 hereof; and (c) the consent rights of DHI shall terminate on the earlier to occur of (i) such time as DHI no longer owns at least one (1) Lot, and (ii) December 31, 2020. DHI shall respond to any Declarant request for its consent under this Section within thirty (30) days of DHI's receipt of such request, and, in any event, DHI shall not unreasonably withhold its consent to any such request.

10.05 Turnover. All rights of Declarant hereunder shall automatically terminate upon Turnover, except those rights that expressly survive Turnover and those rights that Declarant holds as an Owner and not by virtue of being the declarant under this Declaration, which shall continue as long as Declarant is an Owner.

## **ARTICLE ELEVEN** **TOWNHOME ISSUES**

11.01 General Rules of Law to Apply. Each wall built and located on the common or dividing line between adjoining Lots shall constitute a Party Wall. Each roof system built over structures on adjoining Lots shall constitute a Party Roof. To the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and party roofs and liability for property damage due to negligence, or willful acts or omissions, shall apply thereto.

11.02 Repair and Maintenance of a Party Wall. When the need arises for repair or other maintenance of any part of a Party Wall as originally built or as later extended, the cost of such repair shall be divided equally between the Owners of the Lots on which the Party Wall is located as to parts of the Party Wall then being used by both parties; as to any remaining portion,

the entire cost shall be borne by the party using that portion. Any Owner who shall cause a Party Wall to be exposed to the elements shall be solely responsible for any damages to adjoining improvements.

11.03 Repair and Maintenance of a Party Roof. When the need arises for repair, replacement or other maintenance of any part or all of a Party Roof, the Association shall perform (or cause to be performed) such repair, and the cost of such repair shall be a Common Expense. No Owner may cause any such repairs or maintenance to be so performed; provided, however, that in the event of any material damage to a Party Roof that may result in water or other elements penetrating the Party Roof and damaging the Townhome(s), an Owner shall have the right to make any emergency repairs such Owner deems reasonably necessary to protect his or her Townhome from damage; provided, further, however, that in the event an Owner exercises such right, he or she shall immediately notify the Association of such repairs.

11.04 Maintenance of Exterior of Townhomes. The Association shall maintain the exterior walls, excluding windows and doors, of Townhomes and shall repaint when necessary the Townhomes, and the cost thereof shall be a Common Expense.

11.05 Lawn Maintenance and Irrigation. The Association shall perform all lawn and irrigation maintenance around the Townhomes, including mowing, weeding and fertilizing and the cost thereof shall be a Common Expense.

11.06 Termite Bond. The Association shall maintain termite bonds on each Townhome and shall perform such repairs and treatments as may be necessary to maintain and renew said bonds, and all of the costs and expenses associated therewith shall be a Common Expense.

11.07 Owner Maintenance Responsibilities. Except for the items that are specifically reserved to the Association in accordance with the terms and conditions of this Declaration, each Owner shall be responsible for the maintenance, repair and upkeep of such Owner's Townhome, including, the interior of such Townhome and any exterior doors and windows of such Townhome; provided, however, that an Owner may not replace any exterior door or window without first obtaining the prior written approval of the Association as to the specific type of window or door, as applicable, to be used in such replacement. Each Owner shall properly maintain any balcony or terrace, including but not limited to the flooring surface of such balcony or terrace, appurtenant to such Owner's Townhome; provided, however, that no Owner shall puncture, or otherwise cause or allow to be punctured, the surface of any such balcony or terrace.

11.08 Cost of Construction. If the Owner of any Lot erects a Party Wall at a time when the adjoining Owner is not ready to construct, then the Party Wall must be located on the Lot line, but entirely within the Lot on which construction is to begin and such Owner shall bear the entire cost of constructing said Party Wall. If the adjoining Owner later erects a building utilizing said Party Wall, or any part thereof, he shall promptly pay to the Owner who originally bore the entire Party Wall cost an amount equal to the ratio that the portion of the Party Wall utilized for support, attachment or joinder bears to the original cost thereof, divided by one-half.

11.09 Adjoining Lot. The first Owner to erect a Party Wall shall have the right to enter the adjoining Lot(s) and shall have the right to authorize entry by his contractor, agents, employees, and suppliers to the extent reasonable and appropriate for construction purposes. Such right includes the right to make necessary excavations or to do other work required in connection with the construction of the Party Wall; provided, however, that on completion of the Party Wall, the adjoining Lot(s) shall be restored to their condition prior to the start of construction. The first Owner to erect a Party Wall shall erect said Party Wall and any party Roof in such a manner so as not to encroach into the Lot of any adjoining Owner; provided, however that such Party Wall and Party Roof may, with the advance written approval of the Architectural Review Committee, have a finished eave or other overhang structure encroaching into such adjoining Owner's Lot; provided, further, however, that such eave or other overhang structure shall be subject to the rights of an adjoining Owner to thereafter eliminate or modify such eave or other overhang structure to accommodate the construction of an adjoining Townhome; and the elimination or alteration of any such eave or other overhang structure shall, in all events, be subject to the equitable and final discretion of the Architectural Review Committee. No construction shall be undertaken in a manner so as to adversely affect the structural integrity of any Townhome located on a Lot.

11.10 Sprinkler Systems. Every Townhome (including all accessory structures attached thereto) shall be (a) equipped with an automatic sprinkler system which meets all the standards of all applicable laws or (b) constructed in such a manner as to not adversely affect the fire rating of any other Townhome. Each Owner shall be responsible for the repair and maintenance of the sprinkler system within such Owner's Townhome. The purpose of this Section is to allow Townhomes to be fire rated as separate and distinct units without deficiency charge.

11.11 Failure to Maintain. In the event an Owner shall fail to maintain and repair his Lot and/or Townhome as required herein, and that failure to so maintain shall cause damage or injury to the adjoining Townhome, Party Wall, and/or Party Roof, the Association, after approval by a majority vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the Townhome and any other improvements erected thereon. The cost of the same shall be added to and become part of the assessment to which such Lot is subject.

11.12 Right of Contribution Runs with the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

11.13 Easement for Encroachment. There shall be (a) reciprocal perpetual easements of encroachment between each adjacent Lot, and (b) perpetual easements of encroachment over and across any adjacent Common Property, for purposes of allowing for the unintentional placement, settling, or shifting of Party Walls constructed, reconstructed, or altered thereon to a distance of three feet (3') as measured from any part on the common boundary along a line perpendicular of such boundary at such point.

11.14 Easement for Lateral Support. There shall be reciprocal perpetual easements of lateral support between each adjacent Lot upon the structural components, including the Party

Walls for lateral support of each Unit. No Owner shall demolish, modify, or interfere with a Party Wall so as to diminish or in any way alter the lateral support which such Party Wall affords any Townhome.

11.15 Access and Garage Easement. As shown on the Plat of Subdivision, the Lots are separated in three (3) Lot clusters. Attached hereto as Exhibit "B" is a drawing depicting the typical layout for the Townhome Building to be constructed on such three (3) Lot clusters with the three (3) Lots labeled by the letters A, B and C.

- (a) Vehicular and pedestrian access for ingress and egress to and from those Lots is provided by a driveway and/or sidewalks over and across the Common Property located adjacent to such Lots to the nearest street within the Subdivision (singularly, a "Common Path" and collectively, the "Common Paths") and an easement is hereby reserved in favor of the Owners of Lots A, B and C, respectively, over and across such Common Path for such purposes. The Association shall be responsible for the maintenance of the Common Paths, and the expense thereof shall be a Common Expense.
- (b) A garage easement is reserved in favor of Lots B and C, respectively, over and across a portion of the adjoining Lot A (the "Garage Easement"). The purpose of the Garage Easement shall be to provide Lots B and C each with its own garage which shall be constructed on the ground level of Lot A, and connected by a driveway as described above in this Section. The diagram attached as Exhibit "B" hereto is a typical representation of the driveway and pedestrian access easements over and across the Common Property and the Garage Easement upon Lot A. The Garage Easement for the Lot B garage is shown and depicted as "Garage Easement BG" on Exhibit "B". The Garage Easement for the Lot C garage is shown and depicted as "Garage Easement CG" on Exhibit "B". The boundaries of the Garage Easement areas shall extend to the interior surfaces of the walls and ceilings for purposes of affixing shelves, cabinets, and garage door openers. The Garage Easement shall not apply to the garage constructed on Lot A for the benefit of Lot A, and the Owner thereof, or to any other portion of the Lot A Townhome constructed thereon, including, but not limited to, any portion of the Lot A Townhome constructed as a second story unit over and above the driveway, the Lot B garage and the Lot C garage.
- (c) The respective driveway and pedestrian access easements and the Garage Easements for Lot B and Lot C of each three (3) Lot cluster shall be limited to those portions of Lot A and the Common Property upon which a garage, driveway, and sidewalks are initially constructed to serve each of the Lots in such three (3) Lot cluster. The easements described and reserved in this Section shall be exclusive easements for the benefit of Lots A, B and C, respectively, of each three (3) Lot cluster, are perpetual, shall run with the land, and shall be irrevocable.

## ARTICLE TWELVE INSURANCE ISSUES

12.01 Insurance on Common Area. The Association shall obtain the insurance coverage necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development, as applicable to the Subdivision. Accordingly, the Board shall obtain casualty insurance for all insurable improvements, whether or not located on the Common Property, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Board shall obtain a public liability policy applicable to the Common Area covering the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and, if reasonably available, directors' and officers' liability insurance. Policies may contain a reasonable deductible as determined by the Board. In addition to the other insurance required by this section, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on directors, officers, employees and other persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the policy is in force, or any lesser amount of fidelity coverage allowable under the applicable Fannie Mae guidelines. Fidelity coverage shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation. All such insurance coverage shall be written in the name of the Association. The expense of all insurance coverage obtained by the Association in accordance with this Section shall be a Common Expense.

12.02 Insurance on Townhomes - Association. Except as is provided in Section 12.07 hereof to the contrary, the Association shall obtain and maintain at all times a policy or policies of multi-peril type hazard insurance, including insurance for such other risks of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other townhome-style projects similar in construction, design, location and use, insuring the Townhomes against loss or damage by the perils of fire, lightning and those perils contained in extended coverage, vandalism and malicious mischief endorsements. If the Townhome Lots are located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards, the Association shall, to the extent obtainable, insure the Townhomes and the Lots against the perils of flood under the National Flood Insurance Act of 1968 and acts amendatory thereto. The amount of insurance coverage shall be determined on a replacement cost basis in an amount not less than one hundred percent (100%) of the then current replacement cost of the Townhomes (but excluding interior sheetrock, wallboard, fixtures, appliances, and improvements or betterments made to a Townhome by the applicable Owner after the initial construction of such Townhome) and any accessory structures attached to a Townhome (but excluding land, foundations, excavations and other items usually excluded from such insurance coverage) (collectively, the "Covered Property"). Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association for the use and benefit of the individual Owners. Periodically, and in any event at least once every two (2) years, prior to

the renewal of any such policy or policies of insurance, the Association shall either obtain an opinion or an appraisal from a qualified insurance appraiser for the purpose of determining the full replacement cost of the Covered Property for the amount of insurance to be obtained pursuant hereto. The cost of any such opinion or appraisal shall be a Common Expense. All such policies of insurance shall comply with the provisions of this Article and shall (i) contain a standard mortgagee loss payable clause endorsement in favor of the Mortgagee or Mortgagees of each Townhome, if any, as their respective interests may appear; and (ii) provide that the insurance shall not be invalidated by any act or neglect of any Owner. Premiums upon insurance policies purchased by the Association in accordance with this Section shall be paid by the Association as a Common Expense; except that the amount of increase over the usual premium occasioned by the use, misuse, occupancy or abandonment of a Townhome or its appurtenances by an Owner of a Townhome shall be specially assessed against that Owner.

12.03 Townhome Owner Insurance. The Owner of each Lot shall be responsible for, at the Owner's expense, obtaining insurance coverage for (a) loss of or damage to any sheetrock, wallboard, fixtures, furniture, appliances, furnishings, decorations, personal effects, and other property belonging to such Owner and located within such Owner's Townhome or otherwise on such Owner's Lot (b) loss of or damage to any improvements or betterments made to such Owner's Townhome, and (c) personal liability for injury to the person or property of another while within such Owner's Townhome or upon such Owner's Lot. Risk of loss of or damage to any fixtures, furniture, furnishings and personal property belonging to or carried on the person of the Owner, or which may be stored upon any Lot, and any improvements or betterments made to such Owner's Townhome shall be borne by the Owner of each Lot. All insurance obtained by the Owner of each Lot shall, whenever such provisions shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners, the Association or the Declarant, and their respective servants, agents, employees and guests.

12.04 Damage and Destruction to Common Areas. Not later than ninety (90) days after damage or destruction by fire or other casualty to any portion of any improvement located upon a Common Area (a "Common Improvement"), the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Any damage or destruction to a Common Improvement covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within one hundred twenty (120) days after the casualty, a proposal not to repair or reconstruct such Common Improvement is approved by at least seventy-five percent (75%) of the voting interests of the Members. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one (1) year. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special

assessment against the Owner of each Lot. Additional assessments may be made in like manner, as necessary, at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association. In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, the property shall thereafter be maintained by the Association in a neat and attractive condition.

12.05 Destruction of Townhome. In the event of damage or destruction to one or more Townhomes due to fire or other disaster (whether one or more, a "Damaged Townhome"), the insurance proceeds, if sufficient to reconstruct the Damaged Townhome, shall be deposited into a bank account which requires, for withdrawals, the signatures of the Owner of such Damaged Townhome and an officer of the Association. Thereafter, the Owner of such Damaged Townhome and the Association shall promptly authorize the necessary repair and reconstruction work, and the insurance proceeds shall be applied by the Association and the Owner of the Damaged Townhome to pay for the cost and expense thereof. "Repair and reconstruction" of a Damaged Townhome, as used herein, shall mean restoring the improvements to substantially the same condition in which they existed prior to the event causing such damage.

12.06 Damaged Townhome – Insufficient Insurance Proceeds. If the insurance proceeds are insufficient to repair and reconstruct any Damaged Townhome, such damage or destruction shall be promptly repaired and reconstructed by the Association, using all available insurance proceeds and the proceeds of a special assessment levied against the Owner of such Damaged Townhome. Any such special assessment shall be equal to the amount by which the cost of reconstruction and repair of the Damaged Townhome exceeds the sum of the insurance proceeds allocable to such Damaged Townhome. Such special assessment shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after the levy of such special assessment. The special assessment provided for in this Section shall be a debt of the Owner of the affected Damaged Townhome and a lien against such Owner's Lot and any improvements located thereon and may be enforced and collected in accordance with Article Four hereof. Notwithstanding the foregoing to the contrary, each Owner and Mortgagee holding a security interest in a Damaged Townhome may agree that a Damaged Townhome shall promptly be demolished and all debris and rubble caused by such demolition be removed from the Subdivision and the Lot be re-graded and landscaped in a manner that is reasonably acceptable to the Board of Directors. The cost of such demolition work, re-grading and landscaping shall be paid for by any and all insurance proceeds available. Any excess insurance proceeds remaining therefrom shall be disbursed to such Owner and such Owner's Mortgagee, jointly, in accordance with their respective interests.

12.07 Insurance and Maintenance During Construction. Notwithstanding anything contained herein to the contrary, the HOA shall have no obligation to insure or maintain the Townhomes located in a particular Townhome Building until such time as at least one (1) or more of the Townhomes located in such Townhome Building is occupied by an Owner or the lawful tenant of an Owner. During such time, the Owner(s) of the Lots on which such

Townhome Building is located shall be obligated to insure and maintain all Townhomes that are a part of such Townhome Building.

### **ARTICLE THIRTEEN** **MISCELLANEOUS**

13.01 Savings. If any provision or provisions of this Declaration, or any article, section, sentence, clause, phrase, or word herein, or the application thereof, is in any circumstances held invalid, the validity of the remainder of this Declaration and the application thereof shall not be affected thereby.

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

13.03 Applicable Law. The laws of the State of Alabama shall govern this Declaration. All actions or proceedings in any way, manner or respect, arising out of or from or related to this Declaration shall be litigated only in courts having situs within the county in which the Subdivision is located. Each Owner hereby consents and submits to the jurisdiction of any local, state or federal court located within said county and state and hereby waives any rights it may have to transfer or change the venue of any such litigation. The prevailing party in any litigation in connection with this Declaration shall be entitled to recover from the other party all costs and expenses, including without limitation fees of attorneys and paralegals, incurred by such party in connection with any such litigation.

13.04 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations hereunder is not a consent or waiver to or of any breach or default in the performance by that Person of the same or any other obligations of that Person. Failure on the part of a Person to complain of any act or to declare any Person in default hereunder, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default.

13.05 Headings. The headings and captions herein are used solely as a matter of convenience and shall not define, limit or expand any term or provision of this Declaration.

13.06 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a subdivision in accordance with Alabama law. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

13.07 Notice. All notices required or desired under this Declaration to be sent to the Association shall be sent certified mail, return receipt requested, by hand delivery or by a recognized overnight courier who maintains verification of delivery, to the Secretary of the Association, at such address as the Association may designate from time to time by notice in writing to all Owners. All notices to any Owner shall be delivered by hand delivery, by a

recognized overnight courier who maintains verification of delivery in person, or sent by first (1<sup>st</sup>) class mail to the address of such Owner's Lot, or to such other address as he may have designated from time to time, in a writing duly received, to the Association.

13.08 Conflict Between Documents. If there is any conflict or inconsistency between the terms and conditions of this Declaration and the terms and conditions of the Articles of Incorporation, the Bylaws or any rules and regulations promulgated hereunder, the terms and conditions of this Declaration shall control. If there is any conflict or inconsistency between the terms and conditions of the Articles of Incorporation and the terms and conditions of the Bylaws or any rules and regulations promulgated hereunder, the terms and conditions of the Articles of Incorporation shall control. If there is any conflict or inconsistency between the terms and conditions of the Bylaws and the terms and conditions of any rules and regulations promulgated hereunder, the terms and conditions of the Bylaws shall control.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, Declarant has executed this Declaration by and through its duly authorized representative as of the date first set forth above.

**DECLARANT:**

SF APT 2012, L.L.C., an Alabama limited liability company

By: Fortuna Investments, L.L.C., an Alabama limited liability company, as its Manager

By: \_\_\_\_\_

Nathan L. Cox  
As Its Manager

STATE OF ALABAMA :  
COUNTY OF BALDWIN :

I, the undersigned Notary Public, in and for said State and said County, hereby certify that Nathan L. Cox, whose name as Manager of Fortuna Investments, L.L.C., an Alabama limited liability company, acting in its capacity as the Manager of SF APT 2012, L.L.C., an Alabama limited liability company, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such Manager and with full authority, executed the same voluntarily as and for the act of said Fortuna Investments, L.L.C., acting in its capacity as the Manager of said SF APT 2012, L.L.C., on the day the same bears date.

Given under my hand and official notarial seal this the 22<sup>nd</sup> day of December, 2014.

{SEAL}

Susan C. Riley  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_  
NOTARY PUBLIC STATE OF ALABAMA AT LARGE  
MY COMMISSION EXPIRES: Jan 11, 2016  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

### MORTGAGEE'S CONSENT AND SUBORDINATION

IBERIABANK ("Mortgagee"), (a) the mortgagee under that certain Mortgage, executed by SF APT 2012, L.L.C., an Alabama limited liability company, dated June 22, 2012 and recorded in Instrument Number 1345179 of the Office of the Judge of Probate of Baldwin County, Alabama (the "Mortgage"), and (b) the lender under that certain Assignment of Rents executed by SF APT 2012, L.L.C., an Alabama limited liability company, dated June 22, 2012 and recorded in Instrument Number 1345180 of the Office of the Judge of Probate of Baldwin County, Alabama (the "Assignment") (the Mortgage and the Assignment are sometimes hereinafter collectively referred to as the "Security Instruments"), does hereby consent to the recording of this Declaration. Furthermore, Mortgagee does hereby subordinate in all respects its interest in and to the Community Property (as that term is defined in this Declaration) described in the Security Instruments to this Declaration; provided, however, that the lien of the Association for assessments under this Declaration shall be subordinate to the liens of the Mortgagee under the Security Instruments, as provided in Section 4.07 of this Declaration. Mortgagee does hereby acknowledge and agree that this Declaration shall be given priority over the Security Instruments, and shall be unaffected by any default, foreclosure or exercise of any other remedy under the Security Instruments, the same as if this Declaration were executed, delivered and recorded prior to the execution and recording of the Security Instruments.

IN WITNESS WHEREOF, Mortgagee has caused this Consent and Subordination to be executed by and through its duly authorized representative as of the 22 day of December, 2014.

IBERIABANK, a Louisiana banking corporation

By: \_\_\_\_\_

Name: John W. Therrell

As Its: Vice President

STATE OF Alabama  
COUNTY OF Mobile

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that John W. Therrell as the Vice President for IBERIABANK, a Louisiana banking corporation, whose name is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day, that being informed of the contents of said conveyance, s/he has executed the same voluntarily for and as the act of said entity.

Given under my hand and seal this 22 day of December, 2014.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

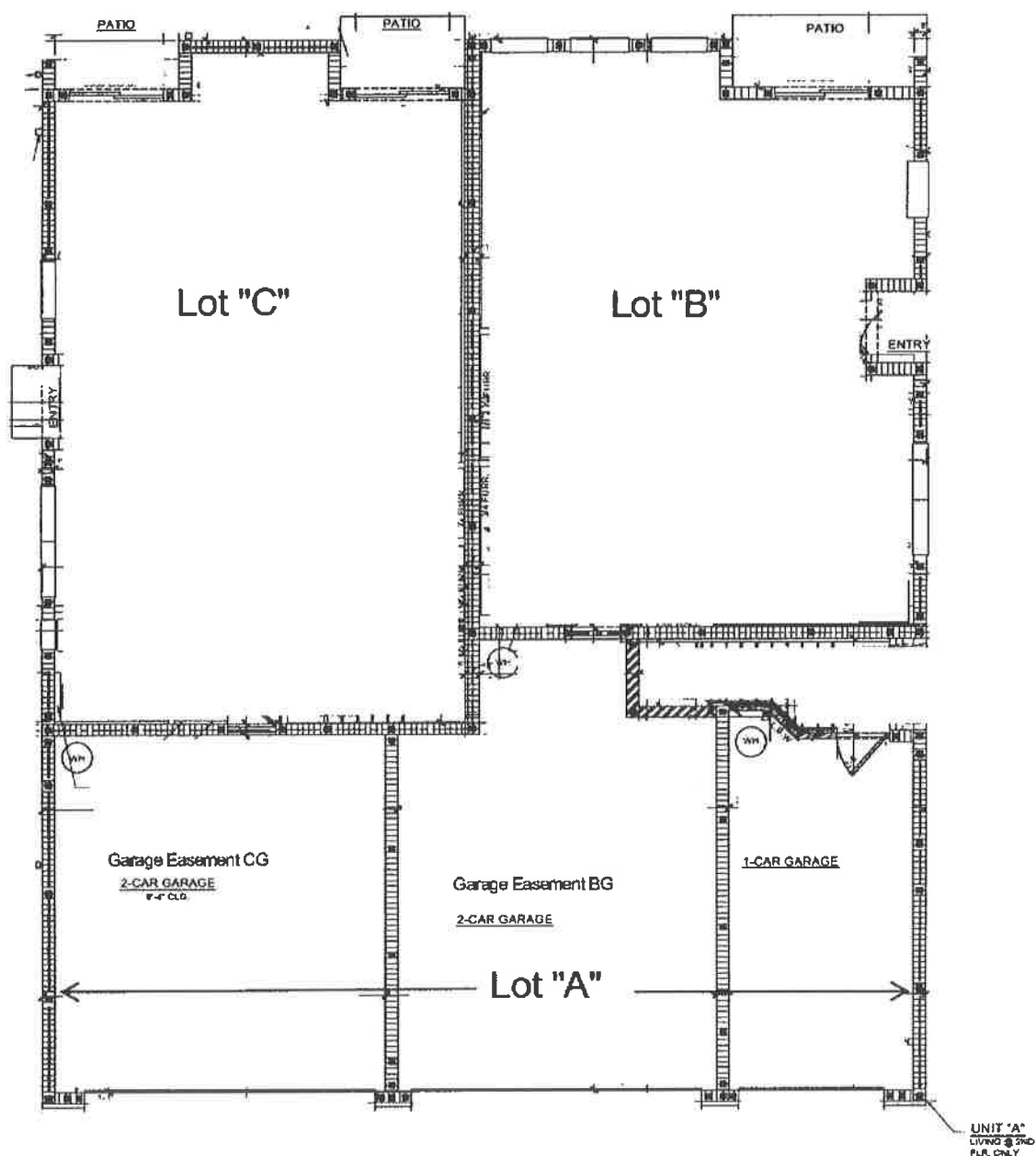
Ashley Cooper  
ASHLEY COOPER  
Notary Public, Alabama State At Large  
My Commission Expires August 2, 2017

**EXHIBIT "A"**

**Description of the Additional Property**

Parcel 4, Parcel 5 and Parcel 6 of Quail Hollow Subdivision according to the plat thereof recorded at Slide Number 2523-D in the Office of the Judge of Probate of Baldwin County, Alabama.

**EXHIBIT "B"**  
Depiction of Three Lot Clusters



NOTE: Door and window locations and construction materials shown and depicted hereon are not necessarily reflective of the action door and window locations and the actual materials to be used on the Townhomes in the Subdivision.

201400 811

This Instrument Prepared By:  
Christopher M. Gill, Esq.  
Hand Arendall LLC  
Post Office Box 123  
Mobile, Alabama 36601  
251-432-5511  
2038896v2

BALDWIN COUNTY, ALABAMA  
TIM RUSSELL PROBATE JUDGE  
Filed/cert. 1/12/2015 8:51 AM  
TOTAL \$ 15.00  
8 Pages

1493872



STATE OF ALABAMA  
COUNTY OF BALDWIN

**FIRST AMENDMENT TO DECLARATION OF CONDITIONS, COVENANTS AND  
RESTRICTIONS FOR QUAIL HOLLOW SUBDIVISION**

THIS FIRST AMENDMENT TO DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS FOR QUAIL HOLLOW SUBDIVISION (this "Amendment") is made and entered into as of the 8<sup>th</sup> day of January, 2015, by SF APT 2012, L.L.C., an Alabama limited liability company ("Declarant").

**Recitals:**

Declarant is the developer of Quail Hollow Subdivision (the "Subdivision"), according to the plat thereof recorded at Slides 2523-E and 2523-F in the Probate Court Records of Baldwin County, Alabama (the "Records"). Declarant subjected the Subdivision to that certain Declaration of Conditions, Covenants and Restrictions for Quail Hollow Subdivision recorded at Instrument Number 1491937 in the Records (the "Declaration"). Declarant is the sole owner of all property located within the Subdivision, and Declarant desires to amend the Declaration in accordance with the terms and conditions hereof.

**Agreement:**

NOW THEREFORE, Declarant, as the holder of the "Declarant" under the Declaration and as the sole owner of all property located within the Subdivision, hereby amends the Declaration as follows:

1. **Capitalized Terms.** Capitalized terms used herein unless otherwise defined herein shall have the meaning ascribed to such terms in the Declaration.
2. **Recitals.** The foregoing recitals are true and correct in all material respects and form an integral part of this Amendment, the same as if said recitals were included in the numbered paragraphs hereof.
3. **New Section 11.16.** The Declaration is hereby amended by adding a new Section 11.16 to the Declaration, which new Section 11.16 shall immediately follow Section 11.15 of the Declaration and which shall provide as follows:

11.16 Easement for Patio Areas. A perpetual, exclusive easement is hereby reserved across those portions of the Common Property that extend out ten feet (10') from (a) the northern Lot line of Lots 2, 3, 5, 6, 8, 9, 11, 12, 14, 15, 17, 18, 20, 21, 23, 24, 26, 27, 29, 30, 32, 33, 35, 36, 50, 51, 53, and 54; (b) the southern Lot line of Lots 38, 39, 41, 42, 44, 45, 47, 48, 65, 66, 68, 69, 71, 72, 74, and 75; and (c) the eastern Lot line of Lots 56, 57, 59, 60, 62 and 63 (individually, a "Patio Easement" and collectively, the "Patio Easements"). The Patio Easements are hereby reserved for purposes of allowing for the construction, installation, maintenance, repair, and/or replacement of a patio within such Patio Easement. Each Patio Easement shall be for the benefit of the Owner of the Lot to which such Patio Easement is adjacent and shall be appurtenant to the Lot to which such Patio Easement is adjacent. For the avoidance of doubt and by way of example, only the Owner of Lot 2 shall be benefitted by the Patio Easement that is adjacent to Lot 2, only the Owner of Lot 3 shall be benefitted by the Patio Easement that is adjacent to Lot 3, and so on. An Owner shall only have rights in and to the Patio Easement that is adjacent to such Owner's Lot, if any. Notwithstanding anything contained herein to the contrary, (i) in no event may any Owner construct any improvements pursuant to this Section within any portion of a Patio Easement that encroaches into a building setback line reflected on the Plat of Subdivision, and (ii) any Owner with a patio constructed within the Patio Easement appurtenant to such Owner's Lot shall, at such Owner's sole cost and expense, repair and maintain such patio in a good and neat manner.

4. New Section 11.17. The Declaration is hereby amended by adding a new Section 11.17 to the Declaration, which new Section 11.17 shall immediately follow Section 11.16 of the Declaration and which shall provide as follows:

11.17 Easement for HVAC Equipment and Entry Stoops. A perpetual, exclusive easement is hereby reserved across those portions of the Common Property that extend out five feet (5') from (a) the eastern Lot line of Lots 1, 2, 4, 5, 7, 8, 10, 11, 13, 14, 16, 17, 19, 20, 22, 23, 25, 26, 28, 29, 31, 32, 34, 35, 37, 39, 40, 42, 43, 45, 46, 48, 49, 50, 52, 53, 64, 66, 67, 69, 70, 72, 73 and 75; (b) the western Lot line of Lots 1, 3, 4, 6, 7, 9, 10, 12, 13, 15, 16, 18, 19, 21, 22, 24, 25, 27, 28, 30, 31, 33, 34, 36, 37, 38, 40, 41, 43, 44, 46, 47, 49, 51, 52, 54, 64, 65, 67, 68, 70, 71, 73 and 74; (c) the northern Lot Line of Lots 55, 57, 58, 60, 61 and 63; and (d) the southern Lot line of Lots 55, 56, 58, 59, 61 and 62 (individually, a "Side Easement" and collectively, the "Side Easements"). The Side Easements are hereby reserved for purposes of allowing for the construction, installation, maintenance, repair, and/or replacement, as applicable, of HVAC equipment, utility meters, and Townhome entry stoops within such Side Easement (a "Permitted Improvement"). Each Side Easement shall be for the benefit of the Owner of the Lot to which such Side Easement is adjacent and shall be appurtenant to the Lot to which such Side Easement is adjacent. For the avoidance of doubt and by way of example, only the Owner of Lot 2 shall be benefitted by the Side Easement that is adjacent to Lot 2, only the Owner of Lot 3 shall be benefitted by the Side Easement that is adjacent to Lot 3, and so on. An Owner shall only have rights in and to the Side Easement that is adjacent to such Owner's Lot, if any. Notwithstanding anything contained herein to the contrary, (i) in no event may any Owner construct any improvements pursuant to this

Section within any portion of a Side Easement that encroaches into a building setback line reflected on the Plat of Subdivision, and (ii) any Owner with a Permitted Improvement constructed and/or installed within the Side Easement appurtenant to such Owner's Lot shall, at such Owner's sole cost and expense, repair and maintain such Permitted Improvement in a good and neat manner.

5. Continued Effectiveness. All of the applicable terms, conditions and provisions of the Declaration, as hereby amended, are in all respects hereby ratified and reaffirmed, and the Declaration and this Amendment shall be read, taken and construed as one and the same instrument. References in the Declaration and all exhibits thereto shall be deemed to be references to the Declaration as amended by this Amendment.

IN WITNESS WHEREOF, Declarant has executed this Amendment by and through its duly authorized representative as of the date first set forth above.

**DECLARANT:**

SF APT 2012, L.L.C., an Alabama limited liability company

By: Fortuna Investments, L.L.C., an Alabama limited liability company, as its Manager

By: \_\_\_\_\_

Nathan L. Cox  
As Its Manager

STATE OF ALABAMA :  
COUNTY OF BALDWIN :

I, the undersigned Notary Public, in and for said State and said County, hereby certify that Nathan L. Cox, whose name as Manager of Fortuna Investments, L.L.C., an Alabama limited liability company, acting in its capacity as the Manager of SF APT 2012, L.L.C., an Alabama limited liability company, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such Manager and with full authority, executed the same voluntarily as and for the act of said Fortuna Investments, L.L.C., acting in its capacity as the Manager of said SF APT 2012, L.L.C., on the day the same bears date.

Given under my hand and official notarial seal this the 8<sup>th</sup> day of January, 2015.



\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

My Commission Expires 07/29/2017



201400811

### REAL ESTATE VALIDATION FORM

The following information is provided pursuant to Alabama Code §40-22-1, and is verified by the signature of Grantor below:

|                    |                                                           |                    |                                                           |
|--------------------|-----------------------------------------------------------|--------------------|-----------------------------------------------------------|
| Grantor's Name:    | SF APT 2012, L.L.C.                                       | Grantee's Name     | Quail Hollow Owners Association, Inc.                     |
| Grantor's Address: | 32128 Broken Branch Circle<br>Spanish Fort, Alabama 36527 | Grantee's Address: | 32128 Broken Branch Circle<br>Spanish Fort, Alabama 36527 |
| Property Address:  | Common Areas, Quail Hollow<br>Unit 1                      | Date of Sale:      | January 8, 2015                                           |
|                    |                                                           | Purchase Price:    | \$1,000.00                                                |

This instrument prepared by:  
Christopher M. Gill, Esq.  
Hand Arendall LLC  
P.O. Box 123  
Mobile, AL 36601

BALDWIN COUNTY, ALABAMA  
TIM RUSSELL PROBATE JUDGE  
Filed/cert. 1/12/2015 8:52 AM  
DEED TAX \$ 1.00  
TOTAL \$ 16.00  
3 Pages

1493873



STATE OF ALABAMA  
COUNTY OF BALDWIN

### STATUTORY WARRANTY DEED

KNOW ALL MEN by these presents, that **SF APT 2012, L.L.C.**, an Alabama limited liability company ("Grantor"), in and for consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS, and other good and valuable consideration hereby acknowledged to have been paid by **QUAIL HOLLOW PROPERTY OWNERS ASSOCIATION, INC.**, an Alabama nonprofit corporation ("Grantee"), does hereby GRANT, BARGAIN, SELL and CONVEY unto Grantee, all of Grantor's right, title and interest in and to that certain real property situated in Baldwin County, Alabama (the "Property"), described as:

All common areas, easements and rights of way as shown on the plat of Quail Hollow Unit 1 as recorded in Slides 2523-E and 2523-F, in the records of the Office of the Judge of Probate of Baldwin County, Alabama.

Grantor's conveyance of the Property is subject to the Permitted Exceptions set forth in Exhibit A attached hereto and incorporated herein

TOGETHER WITH ALL AND SINGULAR the rights, members, privileges, tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining.

TO HAVE AND TO HOLD the above described property unto Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF, Grantor has caused this conveyance to be executed by and through its duly authorized representative on this 8<sup>th</sup> day of January, 2015.

SF APT 2012, L.L.C.,  
an Alabama limited liability company

By: FORTUNA INVESTMENTS, L.L.C.,  
an Alabama limited liability company  
As its Manager

By:   
Nathan L. Cox  
As its Manager

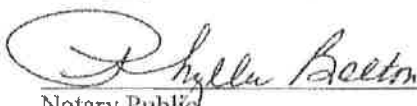
STATE OF ALABAMA )

COUNTY OF BALDWIN )

I, the undersigned, a notary public in and for said county in said state, hereby certify that Nathan L. Cox, whose name as Manager of FORTUNA INVESTMENTS, L.L.C., an Alabama limited liability company, acting in its capacity as Manager of SF APT 2012, L.L.C., an Alabama limited liability company, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such Manager and with full authority, executed the same voluntarily for and as the act of said FORTUNA INVESTMENTS, L.L.C, acting in its capacity as Manager of said SF APT 2012, L.L.C.

Given under my hand and official seal this 8<sup>th</sup> day of January, 2015.



  
Notary Public  
My commission expires: \_\_\_\_\_

My Commission Expires 07/29/2017

Exhibit A to Statutory Warranty Deed  
The Permitted Exceptions

1. Reservation of all oil, gas and other minerals, and all rights in connection therewith as contained in deed from Spanish Fort Estates, Inc. to Minette Bay Development, LLC dated March 24, 1999 and recorded at Instrument Number 484767.
2. Reservation of all oil, gas and other minerals, and all rights in connection therewith as contained in deed from Minette Bay Development, LLC to 148 Properties, LLC, dated August 23, 1999 and recorded at Instrument Number 507801.
3. Reservation of all oil, gas and other minerals, and all rights in connection therewith as contained in deed from Spanish Fort Estates, Inc., to Spanish Fort Properties, LLC, dated April 8, 2004 and recording at Instrument Number 813072.
4. Reservation of all oil, gas and other minerals, and all rights in connection therewith as contained in deed from Spanish Fort Properties, LLC, to 148 Properties, LLC, dated February 2, 2005 and recorded at Instrument Number 868408.
5. Building setback lines, ingress, egress and utility easements, restrictions and all other matters shown on plat of Quail Hollow recorded at Slides 2523-E and 2523-F.
6. Declaration of conditions, covenants, and restrictions for Quail Hollow Unit One dated December 29, 2014 and recorded at Instrument Number 1491937 as amended by First Amendment to Declaration dated \_\_\_\_\_ and recorded at Instrument Number \_\_\_\_\_.
7. Articles of Incorporation of Quail Hollow Owners Association, Inc. recorded at Instrument Number 1491938.
8. All taxes for the year 2015, due but not payable until October 1, 2015, and subsequent years.
9. Title to all oil, gas and minerals within and underlying the premises, together with all oil and mining rights and other rights, privileges and immunities relating thereto, together with any release of liability for injury or damage to person or property as a result of the exercise of such rights.

This Instrument Prepared By:  
 Christopher M. Gill, Esq.  
 Hand Arendall LLC  
 Post Office Box 123  
 Mobile, Alabama 36601  
 251-432-5511

BALDWIN COUNTY, ALABAMA  
 TIM RUSSELL, PROBATE JUDGE  
 Filed/cert. 1/12/2015 8:55 AM  
 TOTAL \$ 30.00  
 8 Pages

1493878



STATE OF ALABAMA  
 COUNTY OF BALDWIN

### AMENITIES USE AGREEMENT

THIS AMENITIES USE AGREEMENT (this "Agreement") is made and entered into as of the 8<sup>th</sup> day of January, 2015, (the "Effective Date"), by and between Quail Hollow Owners Association, Inc., an Alabama non-profit corporation (the "HOA"), and SF APT 2012, L.L.C., an Alabama limited liability company ("SFA").

#### Recitals:

Quail Hollow Unit 1 (the "Subdivision") was created pursuant to the recording of that certain subdivision plat recorded at Slide Numbers 2523-E and 2523-F in the Office of the Judge of Probate of Baldwin County, Alabama. The HOA was incorporated to serve as a property owners association for the Subdivision and to own, maintain and operate any common areas of the Subdivision.

SFA is the owner of Parcel 2 of Quail Hollow Subdivision and shown on that certain subdivision plat recorded at Slide Number 2523-D in the Office of the Judge of Probate of Baldwin County, Alabama ("Lot 2"). Five (5) townhome-style apartment units are currently located on Lot 2 (each an "Existing Unit" and collectively, the "Existing Units").

A swimming pool and clubhouse are currently under construction on common area located in the Subdivision (the "Amenities"). The HOA has agreed to permit the owners, tenants, occupants and guests of the Existing Units to use the Amenities, all on and subject to the terms and conditions of this Agreement.

#### Agreement:

NOW, THEREFORE, for and in consideration of Ten and No/100 Dollars (\$10.00), the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt of which is hereby acknowledged, the HOA and SFA, intending to be legally bound, hereby covenant and agree as follows:

1. Recitals. The foregoing recital clauses are true and correct in all material respects and form an integral part of this Agreement, the same as if such recital clauses were set forth in the numbered paragraphs hereof.

2. Defined Terms. The following terms, when capitalized herein, shall have the meaning set forth in this Section:

- (a) "Assessment" means the amount assessed by the HOA against Owner for the right to use the Amenities in accordance with the terms and conditions hereof.
- (b) "Authorized User" means Owner of the Existing Units, the immediate family members of Owner of the Existing Units, the tenants of the Existing Units, and any guests of any of the foregoing parties; provided, however, that in no event may the number of Authorized Users associated with an Existing Unit ever exceed eight (8) at any given time hereunder.
- (c) "Declaration" means that certain Declaration of Conditions, Covenants and Restrictions of Quail Hollow Subdivision recorded at Instrument Number 1491937 in the Office of the Judge of Probate of Baldwin County, Alabama, as the same may hereafter be amended from time to time.
- (d) "Owner" means the record title owner or owners (in the event Lot 2 is ever subdivided) of the Existing Units from time to time hereunder.
- (e) "Rules and Regulations" means any rules and/or regulations that are adopted, promulgated, altered, amended, restated and/or replaced from time to time hereunder by the HOA with respect to the use of the Amenities.

3. Use of Amenities. The HOA hereby grants the Authorized Users a license to access and use the Amenities, subject to the terms and conditions set forth herein. Use of the Amenities by the Authorized Users shall be subject to the terms and conditions of the Declaration and the Rules and Regulations.

4. Calculation of Assessments. The HOA shall set the amount of the Assessment for each calendar year based on the HOA's budgeting process for the Subdivision, and the amount of the Assessment for each year shall be within the reasonable discretion of the HOA, but subject to the following criteria:

- (a) In determining the basis for the Assessment, the HOA shall estimate all of the HOA's costs and expenses associated with owning, maintaining, operating, repairing, and replacing the Amenities for the next HOA budget year, and shall include, without limitation, expenses associated with any taxes assessed against the Amenities and the HOA's expense of insuring the Amenities and maintaining any general liability insurance (the "Amenity Expenses").
- (b) The Assessment shall be equal to (i) the Amenity Expenses, multiplied by (ii) the total number of Existing Units, and divided by (iii) the total number of Lots (as that

term is defined in the Declaration) in existence in the Subdivision at such time plus the total number of Existing Units.

- (c) Except as is expressly set forth herein to the contrary, the Assessment shall be levied by the HOA against Owner and shall be payable by Owner in the same number of installments and on the same terms and conditions as the HOA sets with respect to common expense assessments made by the HOA under the Declaration.

5. Payment of Assessments; Late Payment. The Assessment shall be due and payable within fifteen (15) days of Owner's receipt of an invoice therefore. If Owner fails to make a payment within such time period, (a) the HOA shall have the right to levy a late payment on the unpaid portion of the Assessment equal to the lesser of (i) ten percent (10%) of the unpaid portion of the Assessment, or (ii) \$150; (b) interest shall thereafter accrue on the unpaid portion of the Assessment at the rate of twelve percent (12%) per annum; and (c) the HOA shall be entitled to recover from Owner reasonable attorneys' fees incurred by the HOA in pursuing recovery of all past due amounts hereunder. If an Assessment is not paid within thirty (30) days of Owner's receipt of an invoice therefor, then the HOA shall have the right to suspend all rights of the Authorized Users to use the Amenities hereunder (a "Suspension") until such time as Owner's account with the HOA hereunder is paid in full. In the event of a Suspension, if Owner has not paid in full all past due amounts owed to the HOA on or before the date that is one (1) year from Owner's receipt of notice of such Suspension, then the HOA shall have the right, but not the obligation, to terminate this Agreement by giving written notice of such termination to Owner, in which event, this Agreement and the rights, duties and obligations of the parties hereunder shall terminate effective as of the date of termination set forth in such termination notice. If such termination notice fails to include a termination date, then the termination date shall be deemed to be the date on which Owner receives such termination notice.

6. Acknowledgments by Owner. Owner acknowledges that (a) the Subdivision initially consists of seventy-five (75) lots and may be expanded to include additional lots in accordance with the terms and conditions of the Declaration; (b) the owners of lots in the Subdivision and their respective family members, tenants, and guests (the "Subdivision Users") will have use rights with respect to the Amenities; (c) the rights of the Authorized Users to use the Amenities hereunder shall be on a *pari passu* basis with the rights of the Subdivision Users; and (d) this Agreement is not intended to, and does not, encumber any of the Lots in the Subdivision in any manner whatsoever.

7. Names of Tenants. On or before January 1 of each year, and at such other times as may be reasonably requested by the HOA from time to time hereunder, Owner shall deliver to the HOA the names of all then current tenants of the Existing Units.

8. HOA's Right to Fine and Suspend Access to Amenities. The HOA shall have the right to levy fines against Owner and/or any Authorized User for any breach by such party of the terms of the Declaration and/or the Rules and Regulations on the same terms and conditions as are permitted by the Declaration and/or the Rules and Regulations. The HOA shall also have the right to suspend the use rights of any particular Authorized User for any breach by such party of the terms of

the Declaration and/or the Rules and Regulations on the same terms and conditions as are permitted by the Declaration and/or the Rules and Regulations.

9. Term. Subject to the remaining terms and conditions of this Section, this Agreement shall commence on the Effective Date and shall terminate on December 31, 2034 (the "Initial Term"); provided, however, that the term of this Agreement shall automatically continue for successive one year terms (each a "Renewal Term") unless either party gives the other written notice of non-renewal at least sixty (60) days prior to the end of the Initial Term or then-effective Renewal Term, as appropriate. Notwithstanding anything contained herein to the contrary, (a) in the event the Amenities are damaged or destroyed and the HOA decides not to repair and re-open the Amenities, the HOA shall have the right to terminate this Agreement by giving written notice of such termination to Owner; and (b) Owner shall have the right to terminate this Agreement at any time hereunder by giving the HOA at least six (6) months written notice of such termination.

10. Owner Insurance. During the term of this Agreement, Owner shall purchase and maintain at Owner's sole cost and expense, but for the benefit of the HOA and its directors, officers, members, employees and agents (collectively, the "HOA Parties"), a policy of comprehensive general liability insurance of not less than combined personal injury and property damage limit of One Million Dollars (\$1,000,000) for each occurrence and not less than Two Million Dollars (\$2,000,000) in the aggregate (the "Policy"). The Policy shall be issued by one or more responsible insurance companies licensed to do business in the State of Alabama. The HOA Parties shall be named as additional insureds under the Policy. The Policy shall contain the following endorsements: (a) that the Policy may not be cancelled or amended except upon thirty (30) days' prior written notice from the insurance company to the HOA sent by certified mail or registered mail; and (b) that Owner shall be solely responsible for the payment of all premiums under the Policy. Owner shall deliver to the HOA all certificates, binders or other memoranda of insurance for the Policy within ten (10) days hereof and, thereafter, at least ten (10) days prior to the expiration of the Policy, Owner shall deliver to the HOA all certificates, binders or other memoranda of insurance evidencing the renewal thereof.

11. Owner's Indemnification Obligations. Owner shall indemnify, defend and hold harmless the HOA Parties from and against any and all losses, damages, claims and expenses (including reasonable attorney's fees) that any of the HOA Parties may sustain by reason of damage to property or injury to or death of any person, or for any losses, damages, claims and expenses (including reasonable attorney's fees) sustained by any of the HOA Parties and caused by, arising out of or related in any way to the presence on or use of the Amenities by Owner or any of the Authorized Users or any violation by Owner or any of the Authorized Users of any term or condition of this Agreement.

12. Assignment. Except as is provided hereinbelow in this Section 12 to the contrary, neither Owner nor the HOA may assign, in whole or in part, any right, duty or obligation hereunder without the prior written consent of the non-assigning party.

- (a) Owner may assign to any successor owner of all of the Existing Units all of Owner's rights hereunder. Upon a full assignment of this Agreement by Owner in accordance

with the foregoing sentence, Owner shall be released from any future obligation or duty to be performed after the date of such assignment; provided, however, that Owner shall remain liable, and shall be jointly and severally liable, with such assignee for all obligations of Owner that were required to be performed on or before the date of such assignment.

- (b) In the event Lot 2 is ever subdivided to permit separate ownership of the Existing Units, Owner may partially assign to the successor owners of each such subdivided portion of the Existing Units Owner's rights hereunder. Upon a partial assignment by Owner in accordance with the foregoing sentence, Owner shall be released from any future obligation or duty to be performed after the date of such assignment with respect to such subdivided portion of the Existing Units; provided, however, that Owner shall remain liable, and shall be jointly and severally liable, with such assignee for all obligations of Owner that were required to be performed on or before the date of such assignment with respect to such subdivided portion of the Existing Units.
- (c) Upon any assignment or partial assignment of this Agreement made in accordance with this Section, the HOA shall have no obligation to accept or otherwise honor any such assignee as an "Owner" hereunder until such time as a copy of the written instrument assigning such interest has been delivered to the HOA, which written instrument must include an express assumption by such assignee of the duties and obligations of Owner hereunder that are associated with such assigned interest.

13. Limitation of Number of Owners. Notwithstanding anything contained herein to the contrary, (a) the rights of use with respect to the Amenities granted hereunder shall be applicable to the Existing Units and the Authorized Users occupying the Existing Units; and (b) in the event Owner hereafter constructs any additional improvements on Lot 2, neither the owner(s) of such additional improvements nor any occupants of such additional improvements shall have any right whatsoever to use the Amenities.

14. Binding Effect. This Agreement shall be binding upon the parties hereto and the successors and permitted assigns of such parties.

15. Entire Agreement; Amendment. This Agreement constitutes the sole agreement of the parties hereto with respect to the subject matter hereof and supersedes any and all other agreements, either oral or written, between the parties hereto. This Agreement may only be amended by the mutual written agreement of the parties hereto.

16. Governing Law. This Agreement shall be interpreted, construed, enforced and governed by and in accordance with the laws of the State of Alabama.

17. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement will be in writing and will be deemed to have been given (a) when delivered personally to the party designated to receive such notice, (b) when sent by

facsimile transmission or e-mail transmission, (b) on the first business day following the day sent by commercial overnight courier, or (d) on the third (3<sup>rd</sup>) business day after the same is sent by United States mail, postage and charges prepaid, directed to the following addresses or to such other or additional addresses as any party might designate by written notice to the other party:

To the HOA: Quail Hollow Owners Association, Inc.  
c/o Neighborhood Management, LLC  
Attn: Scott Smallwood  
2700 Highway 280, Suite 425  
Birmingham, AL 35223  
E-Mail: info@eddleman.com

To SFA: SF APT 2012, L.L.C.  
Attn: Nathan L. Cox  
32128 Broken Branch Circle  
Spanish Fort, AL 36527  
Facsimile: (251) 626-7919  
E-Mail: ncox@battleplancapital.com

or to such other address, and to the attention of such other person or officer as any party may designate. Notwithstanding anything contained herein to the contrary, Owner acknowledges that it shall be the sole and exclusive burden of Owner and any permitted assignee of Owner to notify the HOA of any change in address of Owner and/or the address of any new "Owner" hereunder that is a permitted assignee of Owner.

18. Waiver. Except as otherwise provided herein, neither the failure nor any delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, or of any other right, power or remedy; nor shall any single or partial exercise of any right, power or remedy preclude any further or other exercise thereof, or the exercise of any other right, power or remedy. No waiver of any of the provisions of this Agreement shall be valid unless it is in writing and signed by the party against whom it is sought to be enforced.

19. Time of the Essence. Time is of the essence with respect to the performance of each and every obligation of the parties hereunder.

20. Severability. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and in any respect, if the extent of such invalidity, illegality or unenforceability does not destroy the basis of the bargain herein, such invalidity, illegality or unenforceability shall in no event affect, prejudice, or disturb the validity of the remainder of this Agreement, which shall be in full force and effect, enforceable in accordance with its terms as if such provisions had not been excluded, or had been modified as provided below, as the case may be. To carry out the intent of the parties hereto as fully as possible, the invalid, illegal or unenforceable provision(s), if possible, shall be deemed modified to the extent necessary and possible to render such provision(s) valid and enforceable.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by and through their respective duly authorized representatives effective as of the Effective Date.

QUAIL HOLLOW OWNERS ASSOCIATION,  
INC., an Alabama non-profit corporation

By: \_\_\_\_\_

Nathan L. Cox  
As Its President

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned Notary Public in and for said County in said State, hereby certify that Nathan L. Cox whose name as the President of Quail Hollow Owners Association, Inc., an Alabama non-profit corporation, is signed to the foregoing agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said non-profit corporation on the day the same bears date.

Given under my hand and official seal this 8<sup>th</sup> day of January, 2015.



Phyllis Bolton  
NOTARY PUBLIC

My Commission Expires 07/29/2017  
My Commission Expires: \_\_\_\_\_

[Remainder of Page Intentionally Left Blank—  
SFA's Signature and Notary Acknowledgment Follow on Next Page]

SF APT 2012, L.L.C., an Alabama limited liability company

By: Fortuna Investments, L.L.C., an Alabama limited liability company, as its Manager

By: \_\_\_\_\_

Nathan L. Cox  
As Its Manager

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned notary public in and for said County in said State, hereby certify that Nathan L. Cox, whose name as Manager of Fortuna Investments, L.L.C., an Alabama limited liability company, acting in its capacity as the Manager of SF APT 2012, L.L.C., an Alabama limited liability company, is signed to the foregoing agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of this agreement, he, as such Manager and with full authority, executed the same voluntarily for and as the act of said Fortuna Investments, L.L.C., acting in its capacity as the Manager of said SF APT 2012, L.L.C., on the day the same bears date.

Given under my hand and official seal this 8<sup>th</sup> day of January, 2015.



Phyllis Bolton

NOTARY PUBLIC

My Commission Expires: My Commission Expires 07/29/2017

201400811

This Instrument Prepared By:  
Christopher M. Gill, Esq.  
Hand Arendall LLC  
Post Office Box 123  
Mobile, Alabama 36601  
251-432-5511

BALDWIN COUNTY, ALABAMA  
TIM RUSSELL, PROBATE JUDGE  
Filed/cert. 1/12/2015 8:57 AM  
TOTAL \$ 27.00  
7 Pages

1493877



STATE OF ALABAMA  
COUNTY OF BALDWIN

### ACCESS EASEMENT AGREEMENT

THIS ACCESS EASEMENT AGREEMENT (this "Agreement") is made and entered into as of the 8<sup>th</sup> day of January, 2015, by and between Quail Hollow Owners Association, Inc., an Alabama non-profit corporation ("Grantor"), and SF APT 2012, L.L.C., an Alabama limited liability company ("Grantee").

#### Recitals:

Quail Hollow Unit 1 (the "Subdivision") was created pursuant to the recording of that certain subdivision plat recorded at Slide Numbers 2523-E and 2523-F in the Office of the Judge of Probate of Baldwin County, Alabama (the "Plat"). Grantor was incorporated to serve as a property owners association for the Subdivision and to own, maintain and operate any common areas of the Subdivision. Grantor is the owner of all common areas shown upon the Plat, including the property shown and depicted on the Plat as "60' Ingress/Egress & Utility Easement" (the "Platted Easement"). Private roads have been constructed upon the Platted Easement and are known as Spaniel Drive and Thicket Way, as labeled on the Plat (the "Roads"), for purposes of providing ingress and ingress to and from lots located within the Subdivision at Alabama Highway 225.

SFA is the owner of Parcel 2 of Quail Hollow Subdivision and shown on that certain subdivision plat recorded at Slide Number 2523-D in the Office of the Judge of Probate of Baldwin County, Alabama ("Lot 2"). Five (5) townhome-style apartment units are currently located on Lot 2 (each an "Existing Unit" and collectively, the "Existing Units"). Grantor has agreed to grant Grantee a perpetual non-exclusive easement over and across the Roads for purposes of providing vehicular access to and from Lot 2 and Alabama Highway 225 on and subject to the terms and conditions hereof.

#### Agreement:

NOW, THEREFORE, for and in consideration of Ten and No/100 Dollars (\$10.00), the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

1. Grant of Easement. Grantor hereby conveys to Grantee, for no additional fee or charge other than that described herein for creating adequate consideration, for the use, enjoyment and benefit by Grantee and any tenants, guests, and agents of the Existing Units (collectively, the "Permitted Users"), a perpetual non-exclusive easement over and across the Roads for the purpose of providing vehicular ingress and egress to and from Lot 2 and Alabama Highway 225 (the "Easement").

2. Easement Perpetual; Termination. The Easement is perpetual, runs with the land (but subject to the terms of Section 10 hereof), is intended to confer restrictions and benefits on and to the parties hereto, constitutes an equitable servitude, and may be modified and/or terminated only upon the written agreement of the parties hereto or their respective successors and assigns, which agreement must be recorded in the filing office in which this Agreement is recorded. It is the intention of the parties hereto that the holders of all existing and future mortgages and other interests with respect to all or any portion of either the Platted Easement or Lot 2 shall acquire and/or hold their respective mortgages and other interests subject and subordinate to this Agreement, and that the foreclosure or other exercise of rights by any such holder shall not terminate or cancel the Easement or this Agreement in any respect.

3. Maintenance of Roads. Grantor shall have the sole and exclusive right and obligation to maintain and repair the Roads.

4. Maintenance Assessments. Grantee shall pay to Grantor a share of the costs and expenses of Grantor incurred in connection with the maintenance and repair of the Roads, which share shall be determined in accordance with the following:

- (a) Grantor shall estimate all of Grantor's costs and expenses associated with owning, maintaining, operating, repairing, and replacing the Roads for the following budget year of Grantor (the "Road Expenses").
- (b) Grantor shall have the right to levy an assessment against Grantee (the "Assessment"), which shall be equal to (i) the Road Expenses, multiplied by (ii) the total number of Existing Units, and divided by (iii) the total number of Lots (as that term is defined in the Declaration (hereinafter defined)) in existence in the Subdivision at such time plus the total number of Existing Units.
- (c) Except as is expressly set forth herein to the contrary, the Assessment shall be levied by Grantor against Grantee and shall be payable by Grantee in the same number of installments and on the same terms and conditions as Grantor sets with respect to common expense assessments made by Grantor under the Declaration.

5. Damage to Roads. Notwithstanding anything contained herein to the contrary, if any of the Permitted Users damages (where such damage results other than in the ordinary course of use of the Roads), destroys, or in any way impairs the Roads, Grantor, in its sole discretion, may (a) require Grantee to restore, at Grantee's sole cost and expense, the Roads to their original

quality and condition; or (b) restore the Roads and invoice Grantee for Grantor's costs incurred in connection with restoring the damaged portion of the Roads, whereupon Grantee agrees to reimburse Grantor within thirty (30) days of receipt of an invoice for such expenses.

6. Grantor Remedies for Non-Payment. In the event Grantee is invoiced in accordance with the terms and conditions hereof by Grantor for any cost or expense arising out of or otherwise relating to the maintenance and/or repair of the Roads and Grantee fails to remit payment to Grantor within thirty (30) days of receipt of such invoice, such invoiced amount shall begin to bear interest at the rate of twelve percent (12%) per annum, and Grantor may pursue any legal remedies or alternatives to collect any outstanding amounts hereunder.

7. Grantee Acknowledgments. Grantee hereby acknowledges and agrees to the following: (a) the Subdivision initially consists of seventy-five (75) lots and may be expanded to include additional lots in accordance with the terms and conditions of the Declaration; (b) the owners of lots in the Subdivision and their respective family members, tenants, and guests (the "Subdivision Users") will have use rights with respect to the Roads; and (c) the rights of the Permitted Users to use the Roads shall be subject to any rules and regulations adopted and/or promulgated from time to time by Grantor and which are equally applicable to the Subdivision Users and the Permitted Users.

8. The Declaration. As used herein, the term "Declaration" means that certain Declaration of Conditions, Covenants and Restrictions of Quail Hollow Subdivision recorded at Instrument Number 1491937 in the Office of the Judge of Probate of Baldwin County, Alabama, as the same may hereafter be amended from time to time.

9. Public Dedication. Nothing contained herein shall be deemed to be a gift or dedication of any portion of the Easement to the general public or for any public use or purpose, whatsoever. Notwithstanding the foregoing, in the event Grantor ever desires to dedicate the Roads to the City of Spanish Fort, Alabama (the "City"), the determination of which shall be in Grantor's sole and absolute discretion, Grantee shall reasonably cooperate with such dedication efforts, which cooperation shall include, without limitation, executing any consent to such dedication as may be requested by the City. In the event the Roads are dedicated to and accepted by the City, this Agreement shall automatically terminate upon acceptance of the Roads by the City.

10. Successor Owner(s) of Lot 2. The rights of Grantee hereunder shall be appurtenant to Lot 2 and shall run with the land, but subject to the following terms and conditions:

- (a) Upon a conveyance by Grantee of Lot 2 in its entirety to a successor owner, Grantee shall be released from any future obligation or duty to be performed after the date of such conveyance; provided, however, that Grantee shall remain liable, and shall be jointly and severally liable, with such successor owner for all obligations of Grantee that were required to be performed on or before the date of such conveyance. Such successor owner shall be responsible and liable for all

future obligations and duties to be performed hereunder after the date of such conveyance.

- (b) In the event Lot 2 is ever subdivided to permit separate ownership of the Existing Units, and Grantee thereafter conveys to a third party any such subdivided portion of the Existing Units, Grantee shall be released from any future obligation or duty to be performed after the date of such conveyance with respect to such subdivided portion of the Existing Units so conveyed; provided, however, that Grantee shall remain liable, and shall be jointly and severally liable, with such successor owner for all obligations of Grantee that were required to be performed on or before the date of such conveyance with respect to such subdivided portion of the Existing Units. Such successor owner shall be responsible and liable for all future obligations and duties to be performed hereunder with respect to such subdivided portion of the Existing Units so conveyed after the date of such conveyance.
- (c) Upon any conveyance of Lot 2 in its entirety or any subdivided portion of the Existing Units by Grantee to one or more successor owners, such successor owner(s) shall promptly deliver a copy of the fully executed and recorded conveyance instrument to Grantor.

11. Limitation of Number of Owners/Users. Notwithstanding anything contained herein to the contrary, (a) the rights of use with respect to the Roads granted hereunder shall be applicable to the Existing Units and the Permitted Users; and (b) in the event Grantee hereafter constructs any additional improvements on Lot 2, neither the owner(s) of such additional improvements nor any occupants of such additional improvements (collectively, the "Additional Users") shall have any right whatsoever to use the Roads without the prior written consent of Grantor, which consent shall not be unreasonably withheld, but which consent may be conditioned by Grantor upon Grantee entering into an amendment of this Agreement defining such Additional Users and adjusting the calculation of the Assessment in Section 4(b) hereof to make Grantee responsible for such Additional Users.

12. Non-Waiver. The failure of either party hereto to insist upon strict performance of any of the terms, covenants or conditions hereof shall not be deemed a waiver of any rights or remedies which that party may have hereunder or at law or in equity and shall not be deemed a waiver of any subsequent breach or default in any of such terms, covenants or conditions.

13. Binding Effect. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns which become owners of the Platted Easement, Lot 2 or any portion thereof, but subject to the terms of Section 10 hereof.

14. Attorney's Fees. In the event of any dispute concerning enforcement of any provision of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

15. Captions; Pronouns. The captions in this Agreement are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions of this Agreement. Whenever the context hereof admits or requires, words in the singular may be regarded as in the plural and vice-versa, and personal pronouns may be read as masculine, feminine and neuter.

16. Severability. Invalidation of any of the provisions contained in this Agreement shall in no way affect any of the other provisions hereof or the application thereof to any other person or entity, and the remainder of this Agreement shall remain in full force and effect.

17. Applicable Law. It is expressly understood and agreed that this Agreement and all questions arising hereunder shall be construed according to the laws of the State of Alabama.

[Remainder of Page Intentionally Left Blank—Signatures Follow on Subsequent Pages]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed by and through their respective duly authorized representatives effective as of the day and year first written above.

**GRANTOR:**

**QUAIL HOLLOW OWNERS ASSOCIATION,  
INC., an Alabama non-profit corporation**

By:   
Nathan L. Cox  
As Its President

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned Notary Public in and for said County in said State, hereby certify that Nathan L. Cox whose name as the President of Quail Hollow Owners Association, Inc., an Alabama non-profit corporation, is signed to the foregoing agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said non-profit corporation on the day the same bears date.



Witness under my hand and official seal this 8<sup>th</sup> day of January, 2015.

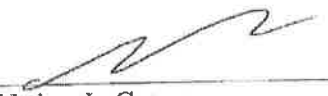
  
NOTARY PUBLIC My Commission Expires 07/29/2017  
My Commission Expires: \_\_\_\_\_

[Remainder of Page Intentionally Left Blank—  
Grantee's Signature and Notary Acknowledgment Follow on Next Page]

GRANTEE:

SF APT 2012, L.L.C., an Alabama limited liability company

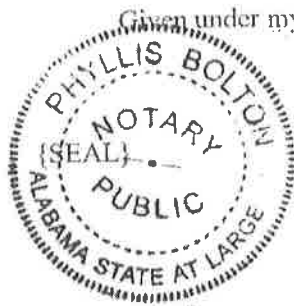
By: Fortuna Investments, L.L.C., an Alabama limited liability company, as its Manager

By:   
Nathan L. Cox  
As Its Manager

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned notary public in and for said County in said State, hereby certify that Nathan L. Cox, whose name as Manager of Fortuna Investments, L.L.C., an Alabama limited liability company, acting in its capacity as the Manager of SF APT 2012, L.L.C., an Alabama limited liability company, is signed to the foregoing agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of this agreement, he, as such Manager and with full authority, executed the same voluntarily for and as the act of said Fortuna Investments, L.L.C., acting in its capacity as the Manager of said SF APT 2012, L.L.C., on the day the same bears date.

Given under my hand and official seal this 8<sup>th</sup> day of January, 2015.



  
NOTARY PUBLIC  
My Commission Expires: \_\_\_\_\_

My Commission Expires 07/29/2017

201400811

THIS INSTRUMENT PREPARED BY:  
Christopher M. Gill, Esq.  
Hand Arendall LLC  
Post Office Box 123  
Mobile, Alabama 36601  
251-432-5511

BALDWIN COUNTY, ALABAMA  
TIM RUSSELL PROBATE JUDGE  
Filed/cert. 1/12/2015 8:58 AM  
TOTAL \$ 30.00  
8 Pages

1493874



STATE OF ALABAMA  
COUNTY OF BALDWIN

**DRAINAGE AND ACCESS EASEMENT AGREEMENT**

THIS DRAINAGE AND ACCESS EASEMENT AGREEMENT (this "Agreement") is made as of the 8<sup>th</sup> day of January, 2015, by and between SF APT 2012, L.L.C., an Alabama limited liability company ("Grantor"), and Quail Hollow Owners Association, Inc., an Alabama non-profit corporation acting for and on behalf of itself and for and on behalf of all Lot Owners (hereinafter defined) ("Grantee").

**Recitals:**

Grantor is the developer of Quail Hollow Unit 1 (the "Subdivision"), which was created pursuant to the recording of that certain subdivision plat recorded at Slide Numbers 2523-E and 2523-F in the Office of the Judge of Probate of Baldwin County, Alabama (the "Subdivision Plat"). Grantee was incorporated to serve as a property owners association for the Subdivision, to own, maintain and operate any common areas of the Subdivision, and to act for and on behalf of the owners of residential lots situated within the Subdivision (the "Lot Owners") with regard to certain matters pertaining to the Subdivision. All of the property that is the subject of the Plat is referred to herein as the "Quail Hollow Property".

Grantor is the owner of Parcel 4, Parcel 5 and Parcel 6 shown and depicted on that certain subdivision plat titled Quail Hollow Subdivision and recorded at Slide Numbers 2523-D (the "Quail Hollow Plat") in the Office of the Judge of Probate of Baldwin County, Alabama (individually, a "Grantor Parcel" and collectively, the "Grantor Parcels"). There is shown and depicted on the Quail Hollow Plat a certain "60' Ingress/Egress & Utility Easement", which is also identified as "Spaniel Drive" and on which a private road has been constructed, all running from the eastern boundary of Grantor Parcel 4, continuing across Grantor Parcel 6, and continuing across Grantor Parcel 5 to the eastern boundary of Grantor Parcel 5 (the "Private Road"). Two storm water retention ponds have been constructed on Grantor Parcel 6 (the "Storm Water Ponds"), and storm water infrastructure has been constructed and installed on, over and across the Grantor Parcels for purposes of transporting storm water that lands on the Subdivision Property to the Storm Water Ponds (the "Drainage Infrastructure").

Grantor has agreed to grant easements across the Private Road for access purposes and across the Grantor Parcels for use and maintenance of the Drainage Infrastructure and the Storm Water Ponds, all on and subject to the terms and conditions hereof.

Agreement:

NOW, THEREFORE, for and in consideration of Ten and No/100 Dollars (\$10.00) and the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

1. Grant of Access Easement. Grantor hereby grants and conveys to Grantee a non-exclusive, perpetual easement over and across the Private Road for purposes of supplying vehicular and pedestrian ingress and egress across Spaniel Drive for its full length as it leaves the Subdivision Property, crosses Grantor Parcel 4, then Grantor Parcel 6, and then Grantor Parcel 5 before returning to the Subdivision Property, all as shown on the Subdivision Plat and the Quail Hollow Plat (the "Access Easement"). It is the express intent of Grantor and Grantee that Grantee, the Lot Owners and their respective tenants, occupants, guests, licensees, contractors, subcontractors and agents (the "Permitted Users") be permitted to use the Access Easement between the point of Spaniel Drive where it touches the western boundary of the Subdivision.

2. Grant of Drainage Easement. Grantor hereby grants and conveys to Grantee a non-exclusive, perpetual easement over, across and through (as applicable) the Drainage Infrastructure and over, across and in the Storm Water Ponds for the purpose of permitting Grantee and the Lot Owners to direct storm water drainage from the Subdivision Property through the Drainage Infrastructure to the Storm Water Ponds (the "Drainage Easement"; the Drainage Easement and the Access Easement are sometimes hereinafter collectively referred to as the "Easements").

3. Easements Perpetual: Termination. The Easements are perpetual, run with the land, are intended to confer restrictions and benefits on and to the parties hereto, constitute equitable servitudes, and may be modified and/or terminated only upon the written agreement of the parties hereto or their respective successors and assigns, which agreement must be recorded in the filing office in which this Agreement is recorded. It is the intention of the parties hereto that the holders of all existing and future mortgages and other interests with respect to all or any portion of the Grantor Parcels shall acquire and/or hold their respective mortgages and other interests subject and subordinate to this Agreement, and that the foreclosure or other exercise of rights by any such holder shall not terminate or cancel the Easements or this Agreement in any respect.

4. Maintenance; Expenses. Grantee shall maintain the Private Road, the Storm Water Ponds and the Drainage Infrastructure (collectively, the "Easement Infrastructure") in a state of good repair at all times, normal wear and tear excepted. Notwithstanding the foregoing, Grantor shall reimburse Grantee for fifty percent (50%) (the "Grantor Share") of Grantee's reasonable expenses and costs incurred in connection with Grantee's maintenance and repair of the Easement Infrastructure within thirty (30) days of Grantee's submission of an invoice therefor.

5. Damage to Easement Infrastructure. Notwithstanding anything contained herein to the contrary, if Grantor or any employee, agent, contractor or subcontractor of Grantor damages (where such damage results other than in the ordinary course of use of the Easement

Infrastructure), destroys, or in any way impairs the Easement Infrastructure, Grantee, in its sole discretion, may (a) require Grantor to restore, at Grantor's sole cost and expense, the damaged portion of the Easement Infrastructure to its original quality and condition; or (b) restore the damaged portion of the Easement Infrastructure to its original quality and condition and invoice Grantor for Grantee's costs incurred in connection with restoring the damaged portion of the Easement Infrastructure to its original quality and condition, whereupon Grantor shall reimburse Grantee within thirty (30) days of receipt of an invoice for such expenses.

6. Grantee Remedies for Non-Payment. In the event Grantor is invoiced in accordance with the terms and conditions hereof by Grantee for any cost or expense arising out of or otherwise relating to the maintenance and/or repair of the Easement Infrastructure (or any portion thereof), and Grantor fails to remit payment to Grantee within thirty (30) days of receipt of such invoice, such invoiced amount shall begin to bear interest at the rate of twelve percent (12%) per annum, and Grantee may pursue any legal remedies or alternatives to collect any outstanding amounts hereunder.

7. Liability Insurance. So long as this Agreement is in effect, Grantee shall maintain general liability insurance coverage (including premises and blanket contractual) in an amount of not less than a combined single limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate with respect to property damage or injury or death to one or more than one person, insuring against all liabilities and all of the liabilities of employees, customers, suppliers, agents, representatives and other invitees, arising out of the use by the Permitted Users of the Easements hereunder. Each policy shall name Grantor as an additional insured. Grantee shall provide Grantor with a certificate from its insurer (a) evidencing that its policy is in full force and effect and (b) providing that, unless Grantor shall have been given thirty (30) days advance written notice, such insurance policy shall not be canceled and shall continue in full force and effect.

8. Development of Grantor Parcels. If at any time hereafter, (a) one or more of the Grantor Parcels is developed to be part of the Subdivision, (b) such Grantor Parcel(s) is annexed into the Subdivision in accordance with Section 10.02 of that certain Declaration of Conditions, Covenants and Restrictions of Quail Hollow Subdivision recorded at Instrument Number 1491937 in the Office of the Judge of Probate of Baldwin County, Alabama, and (c) the common area properties resulting from such development are conveyed by Grantor to Grantee, the terms and conditions of this Agreement shall be deemed to have been extinguished and terminated with respect to such Grantor Parcel(s) in all respects (a "Termination Event"). Upon the occurrence of a Termination Event, this Agreement shall be deemed to have been amended to reduce the Grantor Share by sixteen and 67/100 percentage (16.67%) points for each Grantor Parcel that is the subject of such Termination Event, with the intent of Grantor and Grantee being that, in the event one or more Termination Events has occurred with respect to all of the Grantor Parcels, this Agreement shall terminate in its entirety. In the event of a Termination Event, Grantor and Grantee shall, upon request by either party, execute a written acknowledgment of such Termination Event which may thereafter be recorded by either party in the Office of the Judge of Probate of Baldwin County, Alabama.

9. Successor Owner(s) of Grantor Parcels. The rights, duties and obligations of Grantor hereunder shall burden and be appurtenant to (as applicable) the Grantor Parcels and shall run with the land, but subject to the terms and conditions of this Section. Upon a

conveyance by Grantor of one of the Grantor Parcels (or any portion thereof) (as applicable, a "Conveyed Parcel") to a successor owner(s) (whether one or more, a "Successor Owner") under a scenario that does not involve a Termination Event, Grantor shall be released from any future obligation or duty to be performed with respect to such Conveyed Parcel after the date of such conveyance; provided, however, that Grantor shall remain liable, and shall be jointly and severally liable, with such Successor Owner for all obligations of Grantor that were required to be performed with respect to such Conveyed Parcel on or before the date of such conveyance. Such Successor Owner shall be responsible and liable for all future obligations and duties to be performed hereunder with respect to such Conveyed Parcel after the date of such conveyance. Upon the closing of a conveyance of Conveyed Parcel, the applicable Successor Owner(s) shall promptly deliver a copy of the fully executed and recorded conveyance instrument to Grantee. In the event there are multiple Successor Owners with respect to one or more of the Grantor Parcels, all of the Successor Owners that own a portion of a particular Grantor Parcel shall be jointly and severally liable with all of the other Successor Owners of such Grantor Parcel for all of the rights, duties and obligations of Grantor hereunder with respect to such Grantor Parcel.

10. No Dedication. This Agreement shall not be construed, expressly or by implication, as a dedication to the public for public use and the parties may, by mutual agreement, terminate or modify their respective rights and obligations hereunder without the consent of any governmental authority or agency.

11. Agreement. This Agreement embodies and constitutes the entire understanding between Grantor and Grantee with respect to the easements contemplated herein and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, in respect of such easements are hereby merged into this Agreement.

12. Amendments. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated, except by an instrument in writing signed by both Grantor and Grantee or their respective successors and assigns and recorded in the Office of the Judge of Probate of Baldwin County, Alabama.

13. Non-Waiver. The failure of either party hereto to insist upon strict performance of any of the terms, covenants or conditions hereof shall not be deemed a waiver of any rights or remedies which that party may have hereunder or at law or in equity and shall not be deemed a waiver of any subsequent breach or default in any of such terms, covenants or conditions.

14. Binding Effect. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns which become owners of the Grantor Parcels, the Subdivision Property, or any portion thereof, but subject to the terms of Section 9 hereof.

15. Attorney's Fees. In the event of any dispute concerning enforcement of any provision of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

16. Captions; Pronouns. The captions in this Agreement are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and

provisions of this Agreement. Whenever the context hereof admits or requires, words in the singular may be regarded as in the plural and vice-versa, and personal pronouns may be read as masculine, feminine and neuter.

17. Severability. Invalidation of any of the provisions contained in this Agreement shall in no way affect any of the other provisions hereof or the application thereof to any other person or entity, and the remainder of this Agreement shall remain in full force and effect.

18. Applicable Law. It is expressly understood and agreed that this Agreement and all questions arising hereunder shall be construed according to the laws of the State of Alabama.

[Remainder of Page Intentionally Left Blank—Signatures Follow on Subsequent Pages]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Agreement to be executed by and through their respective duly authorized representatives effective as of the day and year first written above.

**GRANTOR:**

**SF APT 2012, L.L.C.**, an Alabama limited liability company

By: Fortuna Investments, L.L.C., an Alabama limited liability company, as its Manager

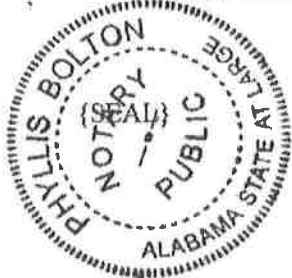
By: \_\_\_\_\_

Nathan L. Cox  
As Its Manager

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned notary public in and for said County in said State, hereby certify that Nathan L. Cox, whose name as Manager of Fortuna Investments, L.L.C., an Alabama limited liability company, acting in its capacity as the Manager of SF APT 2012, L.L.C., an Alabama limited liability company, is signed to the foregoing agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of this agreement, he, as such Manager and with full authority, executed the same voluntarily for and as the act of said Fortuna Investments, L.L.C., acting in its capacity as the Manager of said SF APT 2012, L.L.C., on the day the same bears date.

Given under my hand and official seal this 8<sup>th</sup> day of January, 2015.



Phyllis Bolton  
NOTARY PUBLIC  
My Commission Expires: 07/29/2017

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Grantee's Signature and Notary Acknowledgment Follow on Next Page]

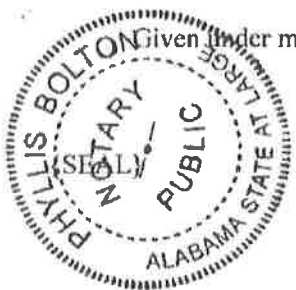
**GRANTEE:**

**QUAIL HOLLOW OWNERS ASSOCIATION,  
INC., an Alabama non-profit corporation**

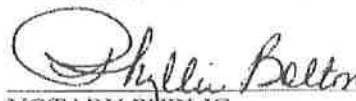
By:   
Nathan L. Cox  
As Its President

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned Notary Public in and for said County in said State, hereby certify that Nathan L. Cox whose name as the President of Quail Hollow Owners Association, Inc., an Alabama non-profit corporation, is signed to the foregoing agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said non-profit corporation on the day the same bears date.



Given under my hand and official seal this 8<sup>th</sup> day of January, 2015.

  
NOTARY PUBLIC  
My Commission Expires: My Commission Expires 07/29/2017

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Mortgagee's Consent Follows on Next Page]

**MORTGAGEE'S CONSENT AND SUBORDINATION**

IBERIABANK ("Mortgagee"), (a) the mortgagee under that certain Mortgage, executed by SF APT 2012, L.L.C., an Alabama limited liability company, dated June 22, 2012 and recorded in Instrument Number 1345179 of the Office of the Judge of Probate of Baldwin County, Alabama (the "Mortgage"), and (b) the lender under that certain Assignment of Rents executed by SF APT 2012, L.L.C., an Alabama limited liability company, dated June 22, 2012 and recorded in Instrument Number 1345180 of the Office of the Judge of Probate of Baldwin County, Alabama (the "Assignment") (the Mortgage and the Assignment are sometimes hereinafter collectively referred to as the "Security Instruments"), does hereby consent to the recording of this Agreement. Furthermore, Mortgagee does hereby subordinate in all respects its interest in and to the Grantor Parcels described in the Security Instruments to this Agreement. Mortgagee does hereby acknowledge and agree that this Agreement shall be given priority over the Security Instruments, and shall be unaffected by any default, foreclosure or exercise of any other remedy under the Security Instruments, the same as if this Agreement were executed, delivered and recorded prior to the execution and recording of the Security Instruments.

IN WITNESS WHEREOF, Mortgagee has caused this Consent and Subordination to be executed by and through its duly authorized representative as of the 5<sup>th</sup> day of January, 2015.

IBERIABANK, a Louisiana banking corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

As Its: \_\_\_\_\_

John W. Therrell  
Vice President

STATE OF Alabama  
COUNTY OF Mobile

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that John W. Therrell as the Vice President for IBERIABANK, a Louisiana banking corporation, whose name is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day, that being informed of the contents of said conveyance, s/he has executed the same voluntarily for and as the act of said entity.

Given under my hand and seal this 5<sup>th</sup> day of January, 2015.

Notary Public

My Commission Expires: \_\_\_\_\_

Ashley Cooper

ASHLEY COOPER  
Notary Public, Alabama State-At Large  
My Commission Expires August 2, 2017