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Adrian T. Johns, Judge of Probate			

SECOND SUPPLEMENT TO AND AMENDMENT OF

THE

**DECLARATION OF RIGHTS, COVENANTS,
RESTRICTIONS, AFFIRMATIVE OBLIGATIONS
AND CONDITIONS APPLICABLE TO
STEELWOOD, UNIT ONE,
THE VILLAS AT STEELWOOD AND STEELWOOD, UNIT TWO, PHASE I,
ALL PORTIONS OF A PLANNED UNIT DEVELOPMENT,**

DATED JULY 9, 1999

This instrument prepared by:
David A. Ryan, Esq.
Hand Arendall, L.L.C.
112 West Laurel Avenue
Foley, Alabama 36535
(334-970-5511)

501169

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DECLARATION OF RIGHTS, COVENANTS,
RESTRICTIONS, AFFIRMATIVE OBLIGATIONS
AND CONDITIONS APPLICABLE TO
STEELWOOD, UNIT ONE,
THE VILLAS AT STEELWOOD AND STEELWOOD, UNIT TWO, PHASE I,
ALL PORTIONS OF A PLANNED UNIT DEVELOPMENT

This Second Supplement to and Second Amendment (this "Second Amendment") of the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions Applicable to Steelwood, Unit One, the Villas at Steelwood, and Steelwood, Unit Two, Phase I, all portions of a Planned Unit Development, is made and entered into this 9th day of July, 1999 by Steelwood, Ltd., an Alabama limited partnership (the "Developer") and is applicable to Steelwood, Unit One, a portion of a planned unit development, the Villas at Steelwood, a portion of a planned unit development and Steelwood, Unit Two, Phase I, a portion of a planned unit development (collectively, the "Development").

W I T N E S S E T H:

WHEREAS, heretofore, on or about October 6, 1997, Developer recorded on Slide 1762A, 1762B through 1763A in the records of the Office of the Judge of Probate of Baldwin County, Alabama, a subdivision plat (the "Plat") pertaining to certain real property owned by Developer in Baldwin County, Alabama, and known as Steelwood, Unit One, a portion of a planned unit development (the "Original Property" or "Original Development");

WHEREAS, heretofore, on or about October 9, 1997, Developer recorded in Misc. Book 95, Pages 1449 through 1495, of the Office of the Judge of Probate of Baldwin County, Alabama, the Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions Applicable to Steelwood, Unit One, a portion of a planned unit development (the "Original Declaration") to be applicable to the Original Property in the manner prescribed therein;

WHEREAS, the Original Declaration contemplated, in Article II and Article XV thereof, that it may be supplemented and amended so that the Developer may (i) bring within the Original Declaration additional property to be subject to the terms and conditions of the Original Declaration, (ii) create additions and/or modifications to the covenants and restrictions contained in the Original Declaration which shall be applicable to such additional property and (iii) create additions and/or

modifications to the covenants and restrictions contained in the Original Declaration which shall be applicable to all property subject thereto (both the Original Property and such additional property).

WHEREAS, the Developer, pursuant to Article II and Article XV of the Original Declaration, and by and through the execution and recordation of the First Supplement To and Amendment of the Original Declaration at Misc. Book 101, Pages 1971 through 1984, of the Office of the Judge of Probate of Baldwin County, Alabama (the "First Amendment") and the recordation of a subdivision plat for the Villas at Steelwood, a portion of a planned unit development at Slide 1849A (as subsequently amended at Slide 1880A (Instrument Number 484908)) in the records of the Office of the Judge of Probate of Baldwin County, Alabama (the "Villas at Steelwood Plat"), supplemented and amended the Original Declaration to (i) bring within the Original Declaration the additional property described in the Villas at Steelwood Plat recorded on Slide 1849A (as subsequently amended at Slide 1880A (Instrument Number 484908)) in the records of the Office of the Judge of Probate of Baldwin County, Alabama (the "Villas Property") to be subject to the terms and conditions to the Original Declaration, (ii) create additions and modifications of the covenants and restrictions contained in the Original Declaration which are applicable to the Villas Property and (iii) create additions and modifications of the covenants and restrictions contained in the Original Declaration which are applicable to all property subject hereto (both the Original Property and the Villas Property);

WHEREAS, the Developer, pursuant to Article II and Article XV of the Original Declaration, as supplemented and amended by the First Amendment, and by and through the execution and recordation of this Second Amendment and the recordation of a subdivision plat for Steelwood, Unit Two, Phase I, a portion of plan unit development (the "Steelwood Unit Two, Phase I Plat"), desires to supplement and amend the Original Declaration, as supplemented and amended by the First Amendment, to bring within the Original Declaration, as supplemented and amended by the First Amendment, the additional property described in the Steelwood Unit Two, Phase I Plat recorded on Slide 1904B (Instrument Number 500892) in the records of the Office of the Judge of Probate of Baldwin County, Alabama (the "Unit Two, Phase I Property");

WHEREAS, upon the execution and recordation of this Second Amendment, the Original Declaration, as supplemented and amended by the First Amendment, shall be supplemented and amended as provided herein.

NOW, THEREFORE, THE DEVELOPER HEREBY DECLARES that the Original Property, the Villas Property and the Unit Two, Phase I Property are, and shall be, held, owned, transferred, sold, conveyed, given, purchased, leased, mortgaged and used subject to the easements, restrictions, covenants and conditions contained in the Original Declaration, as supplemented and amended by the First Amendment and as further supplemented and amended by this Second Amendment (sometimes referred to hereinafter collectively as the "Declaration"), which is for the purposes of protecting the value and desirability of, and which shall touch, concern and run with, the Original Property, the Villas Property and the Unit Two, Phase I Property, and which shall be binding on all parties having any right, title or interest in such real property or any part thereof, as a holder of a mortgage, or otherwise, and shall also be binding upon their respective heirs, successors and assigns.

ARTICLE A

PURPOSE AND EFFECT OF SECOND AMENDMENT

This Second Amendment, when executed and recorded in the Public Records of Baldwin County, Alabama, is intended to and shall:

- (i) Incorporate herein by reference, as if set forth in full herein, the Original Declaration, as supplemented and amended by the First Amendment, as the same shall be supplemented and amended herein;
- (ii) Supplement and amend the Original Declaration, as supplemented and amended by the First Amendment, in the manner provided herein; and
- (iii) Bring within the Declaration, including all restrictions and covenants contained herein, the Unit Two, Phase I Property.

All capitalized terms which are contained in this Second Amendment and which are not specifically defined herein shall have the meanings ascribed to such terms in the Original Declaration, as supplemented and amended by the First Amendment. To the extent there shall exist any conflict between the provisions hereof and the provisions of the Original Declaration, as supplemented and amended by the First Amendment, the provisions hereof shall prevail unless the Developer, in the exercise of its sole discretion, shall elect to have the provisions of the Original Declaration, as supplemented and amended by the First Amendment, prevail.

Upon its execution and recordation in the public records of Baldwin County, Alabama, and upon the recordation of the Steelwood Unit Two, Phase I Plat in the public records of Baldwin County, Alabama, the provisions of the Original Declaration, as supplemented and amended by the First Amendment and as further supplemented and amended by this Second Amendment, shall be applicable to all Lots, including the Original Lots, the Villa Lots and the Unit Two, Phase I Lots (as the Unit Two, Phase I Lots are defined herein), unless otherwise expressly provided herein. Pursuant to the terms and conditions hereof, certain provisions of the Original Declaration, as supplemented and amended by the First Amendment and as further supplemented and amended by this Second Amendment, may be applicable solely to the Original Lots and the Unit Two, Phase I Lots, or may be applicable solely to the Villa Lots, all as further described herein.

ARTICLE B

CERTAIN DEFINITIONS

In this Second Amendment, the following terms shall have the meanings ascribed to them set forth below:

Section B.01 Additional Defined Term. The following defined term is hereby incorporated into the Declaration:

"UNIT TWO, PHASE I LOT shall mean and refer to any of the delineated parcels shown on the Steelwood Unit Two, Phase I Plat and numbered one (1) through ten (10), and to be used for single-family dwelling units.

In addition to the foregoing, the terms which are described in the recitals of this Second Amendment shall have the meaning ascribed to such terms therein.

IN WITNESS WHEREOF, the undersigned Developer has caused this instrument to be executed by its duly authorized officer as of the day and year first above written.

STEELWOOD, LTD., an Alabama limited partnership

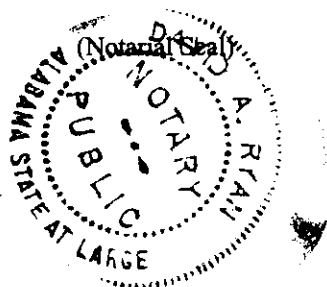
By: **R. M. INVESTMENTS, INC.**
Its General Partner

By: [Signature]
Its PRESIDENT

STATE OF ALABAMA)
COUNTY OF BALDWIN)

I, the undersigned Notary Public in and for said County, in said State, hereby certify that Richard Miller, whose name as President of R. M. Investments, Inc., an Alabama corporation and a general partner of Steelwood, Ltd., 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 officer and with full authority, executed the same voluntarily on the day the same bears date for and as the act of said corporation.

Given under my hand and official notarial seal this 9th day of July, 1999.



[Signature]
Notary Public, State of Alabama, County of Baldwin
My Commission Expires: 6-14-03

JOINDER BY MORTGAGEE

South Alabama Bank, owner of one or more of mortgages encumbering Steelwood Unit Two, Phase I, a portion of a planned unit development, does hereby join in this Second Supplement to and Amendment of Declaration of Rights, Covenants, Restrictions, Affirmative Obligations and Conditions applicable to Steelwood, Unit One, The Villas at Steelwood, and Steelwood, Unit Two, Phase I, all portions of a planned unit development, and by doing so does hereby set forth its acknowledgment and agreement that its right as mortgagee are subject to the terms and conditions of such document.

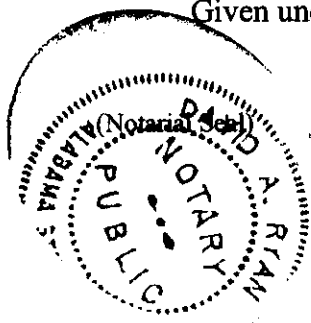
SOUTH ALABAMA BANK

By: Michael J. Fitzhugh
Its: President & Coo

STATE OF ALABAMA)
COUNTY OF BALDWIN)

I, the undersigned Notary Public in and for said County, in said State, hereby certify that Michael Fitzhugh whose name as Pres. & Coo of South Ala Bank, an Alabama corporation, 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/she, as such officer and with full authority, executed the same voluntarily on the day the same bears date for and as the act of said corporation.

Given under my hand and official, notarial seal this 9th day of July, 1999.



David A. Ryan
Notary Public, State of Alabama at Large
My Commission Expires : 6-14-03