

**MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LIVE OAK VILLAGE**

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:

1999 August -16 2:57PM

Instrument Number 506808 Pages 83
Recording 124.50 Mortgage
Deed Min Tax
Index DP 1.00
Archive
Adrian T. Johns, Judge of Probate

506808

**MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LIVE OAK VILLAGE**

Table of Contents

	<u>Page No.</u>
ARTICLE 1	
<u>DEFINITIONS</u>	2
Section 1.1 <u>Additional Property</u>	2
Section 1.2 <u>Apartment Lot.</u>	2
Section 1.3 <u>Articles of Incorporation</u>	2
Section 1.4 <u>Assessment</u>	3
Section 1.5 <u>Association</u>	3
Section 1.6 <u>Association Expenses.</u>	3
Section 1.7 <u>Board</u>	3
Section 1.8 <u>Bylaws</u>	3
Section 1.9 <u>Building.</u>	3
Section 1.10 <u>CHS Properties.</u>	3
Section 1.11 <u>Commercial Lot.</u>	3
Section 1.12 <u>Common Areas</u>	3
Section 1.13 <u>Common Expenses</u>	4
Section 1.14 <u>Community Senior Life</u>	4
Section 1.15 <u>Condominium</u>	5
Section 1.16 <u>Condominium Unit.</u>	5
Section 1.17 <u>Covenants</u>	5
Section 1.18 <u>Design Code</u>	5
Section 1.19 <u>Developer</u>	5
Section 1.20 <u>Development</u>	5
Section 1.21 <u>DRB</u>	5
Section 1.22 <u>Dwelling</u>	5
Section 1.23 <u>Governmental Authority</u>	5
Section 1.24 <u>Improved Apartment Lot.</u>	6
Section 1.25 <u>Improved Commercial Lot.</u>	6
Section 1.26 <u>Improved Residential Lot.</u>	6
Section 1.27 <u>Improvement</u>	6
Section 1.28 <u>Institutional Mortgagee</u>	6
Section 1.29 <u>Limited Common Areas.</u>	7
Section 1.30 <u>Live Oak Village.</u>	7
Section 1.31 <u>Living Space</u>	7
Section 1.32 <u>Lot</u>	7
Section 1.33 <u>Mortgage</u>	7
Section 1.34 <u>Mortgagee</u>	7
Section 1.35 <u>Occupant</u>	7

Section 1.36 Overall Property 8

Section 1.37 Owner 8

Section 1.38 Phase Associations 8

Section 1.39 Phase I. 8

Section 1.40 Phase I Association. 8

Section 1.41 Property 8

ARTICLE 2

PROPERTY SUBJECT TO COVENANTS 9

Section 2.1 General 9

Section 2.2 Additional Property 9

Section 2.3 Right of Developer to Modify Restrictions with Respect to Residential Lots, Condominium Lots, Apartment Lots or Commercial Lots Owned by Developer 10

Section 2.4 Mutuality of Benefit and Obligation 10

Section 2.5 Development of Property 10

Section 2.6 Subdivision Plat 11

ARTICLE 3

EASEMENTS 11

Section 3.1 Grant of Nonexclusive Easements to Owners 11

Section 3.2 Grant of Easement to Governmental Authorities 12

Section 3.3 Reservation of Controlled Access Easement 12

Section 3.4 Reservation of General Access Easement 14

Section 3.5 Reservation of Easements With Respect to Common Areas and Limited Common Areas 15

Section 3.6 Reservation of Easement for Utilities 15

Section 3.7 Reservation of Easements for Signs, Walks, Boardwalks and Trails 16

Section 3.8 Reservation of Maintenance Easement 16

Section 3.9 Reservation of Environmental Easement 17

Section 3.10 Landscaping by Owners on Easement Areas 17

Section 3.11 Repurchase by Developer 17

ARTICLE 4

LIVE OAK VILLAGE MASTER ASSOCIATION 17

Section 4.1 Membership 17

Section 4.2 Board 18

Section 4.3 Voting Rights 19

Section 4.4 Duties and Powers of Master Association 19

Section 4.5 Agreements 20

Section 4.6 Management by Developer and its Affiliates 20

Section 4.7 **Rules and Regulations** 21
 Section 4.8 **Indemnification** 21

ARTICLE 5

DESIGN REVIEW BOARD,

DEVELOPMENT AND DESIGN CODE 22
 Section 5.1 **Board Composition** 22
 Section 5.2 **Appointment and Removal of DRB Members** 22
 Section 5.3 **Procedure and Meetings** 23
 Section 5.4 **Design Code** 23
 Section 5.5 **Approval of Plans and Specifications** 24
 Section 5.6 **Landscaping Approval** 26
 Section 5.7 **Construction Without Approval** 26
 Section 5.8 **Inspection** 27
 Section 5.9 **Limitation of Liability** 27
 Section 5.10 **Commencement and Completion of Construction** 27
 Section 5.11 **Sales and Construction Activities** 28
 Section 5.12 **Enforcement and Remedies** 28
 Section 5.13 **Compliance Certification** 29

ARTICLE 6

LIVE OAK VILLAGE PHASE LANDOWNERS ASSOCIATIONS 29
 Section 6.1 **Phase Associations.** 29
 Section 6.2 **Membership.** 29
 Section 6.3 **Board.** 30
 Section 6.4 **Voting Rights** 30
 Section 6.5 **Duties and Powers of Phase I Association** 31
 Section 6.6 **Agreements** 31
 Section 6.7 **Management by Developer or its Affiliates** 32
 Section 6.8 **Rules and Regulations** 32
 Section 6.9 **Indemnification** 32
 Section 6.10 **Assessments by a Phase Association.** 33

ARTICLE 7

USE AND DEVELOPMENT RESTRICTIONS AS TO RESIDENTIAL LOTS 33
 Section 7.1 **Use Restrictions** 33
 Section 7.2 **DRB Approval** 34
 Section 7.3 **Underground Utilities** 34
 Section 7.4 **Irrigation Systems** 34
 Section 7.5 **Building Setbacks** 34
 Section 7.6 **Siting of Dwellings** 34

Section 7.7 Trees 35

Section 7.8 Height Limitations 35

Section 7.9 Landscaping 35

Section 7.10 Roofing 36

Section 7.11 Exterior Lighting 36

Section 7.12 Exterior Materials and Finishes 36

Section 7.13 Chimneys 37

Section 7.14 Garages and Parking 37

Section 7.15 Fences 38

Section 7.16 Windows, Window Treatments and Doors 38

Section 7.17 Mailboxes 38

Section 7.18 Utility Meters and HVAC Equipment 38

Section 7.19 Satellite Dishes and Antennae 39

Section 7.20 Driveways and Sidewalks 39

Section 7.21 Outdoor Furniture, Recreational Facilities and Clotheslines . 39

Section 7.22 Pets and Animals 40

Section 7.23 Trash, Rubbish and Nuisances 40

Section 7.24 Recreational Vehicles and Machinery and Equipment 42

Section 7.25 Signage 42

Section 7.26 Tanks and Wells 43

Section 7.27 Temporary Structures 43

Section 7.28 Construction of Improvements 43

Section 7.29 Subdivision and Interval Ownership 45

Section 7.30 Swimming Pools and Tennis Courts 45

Section 7.31 Traffic Regulations 45

Section 7.32 Compliance with Governmental Regulations 45

Section 7.33 Additional Regulations 46

Section 7.34 Variances 46

Section 7.35 Enforcement and Remedies 46

Section 7.36 Provisions Regarding Condominium 47

Section 7.37 Development Restrictions as to Apartments Lots and
Commercial Lots 47

Section 7.38 Approval of Builders and Contractors by Developer 48

Section 7.39 Additional Restrictions as to Phase I 48

ARTICLE 8

MAINTENANCE RESPONSIBILITIES 49

 Section 8.1 Responsibilities of Owners of Residential Lots and
Common Areas 49

 Section 8.2 Responsibilities of Association 50

 Section 8.3 Provisions Regarding Condominium 52

ARTICLE 9

ASSOCIATION COMMON AREA ASSESSMENTS 52

 Section 9.1 **Lot Assessments and Creation of Lien** 52

 Section 9.2 **Purpose of Assessments** 53

 Section 9.3 **Uniform Rate of Assessments for Improved Residential
 Lots and Condominium Units** 53

 Section 9.4 **Computation of Annual Assessments** 53

 Section 9.5 **Special Assessments** 56

 Section 9.6 **Individual Assessments** 57

 Section 9.7 **Notice of Meetings and Quorum** 57

 Section 9.8 **Date of Commencement of Assessments** 58

 Section 9.9 **Effect of Non-Payment: Remedies of the Association** 58

 Section 9.10 **Subordination of Lien** 61

 Section 9.11 **Certificates** 61

ARTICLE 10

CASUALTY, CONDEMNATION AND INSURANCE 62

 Section 10.1 **Damage or Destruction to Common Areas** 62

 Section 10.2 **Damage or Destruction to Lots and Dwellings** 63

 Section 10.3 **Condemnation of Common Areas** 63

 Section 10.4 **Condemnation of Residential Lots, Condominium
 Lots, Commercial Lots and Apartment Units** 64

 Section 10.5 **Insurance** 65

ARTICLE 11

TERM AND AMENDMENTS 66

 Section 11.1 **Term** 66

 Section 11.2 **Amendment by Developer** 66

 Section 11.3 **Amendments by Association after Relinquishment of
 Control by Developer** 67

 Section 11.4 **Restrictions on Amendment** 68

ARTICLE 12

ENFORCEMENT 68

 Section 12.1 **Authority and Enforcement** 68

 Section 12.2 **Procedure** 68

 Section 12.3 **Nonexclusive Remedies** 69

ARTICLE 13

MISCELLANEOUS PROVISIONS 69

 Section 13.1 **Control by Developer** 69

 Section 13.2 **Legal Expenses** 70

 Section 13.3 **Severability** 70

Section 13.4 <u>Captions and Headings</u>	70
Section 13.5 <u>Pronouns and Plurals</u>	70
Section 13.6 <u>Binding Effect</u>	70
Section 13.7 <u>Conflict or Ambiguity</u>	71
Section 13.8 <u>No Reverter</u>	71
Section 13.9 <u>Interpretation</u>	71
Section 13.10 <u>Right of Third Parties</u>	71
Section 13.11 <u>No Trespass</u>	71
Section 13.12 <u>No Partition</u>	72
Section 13.13 <u>Reservation of Rights</u>	72
Section 13.14 <u>Standards for Review</u>	72
Section 13.15 <u>Oral Statements</u>	72
Section 13.16 <u>Notices</u>	72
Section 13.17 <u>Assignment</u>	73
Section 13.18 <u>Further Assurances</u>	73
Section 13.19 <u>No Waiver</u>	73
Section 13.20 <u>Provisions of Condominium Documents</u>	73

**MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LIVE OAK VILLAGE**

These COVENANTS, CONDITIONS AND RESTRICTIONS (the "Covenants") are made as of the ____ day of _____, 1999, by CHS Properties, Inc., an Alabama corporation ("Developer") and are applicable to a proposed development to be known as Live Oak Village.

RECITALS:

A. Developer is the owner of 148.5 acres of lands in the City of Foley, Baldwin County, Alabama, described in Section 1.36 below and referred to as "Overall Property".

B. The Developer proposes, but is not obligated, to develop all or part of the Overall Property in phases into a planned unit development for multiple uses including single family residential, multi-family residential, condominiums, commercial development, apartment development, parking facilities, open spaces, landscaping, recreational facilities, private streets and roadways and other common areas, all to be known as Live Oak Village.

C. Developer may, but is not obligated, to develop a portion of the Overall Property as a public street or streets and dedicate same to the City of Foley, Alabama.

D. Developer owns an assisted living facility east of the Overall Property known as Live Oak Assisted Living. Live Oak is currently operated by Community Senior Life pursuant to a lease with Developer.

E. Developer is developing a portion of the Overall Property composed of 15.6 acres known as Live Oak Village Phase I and described in Exhibit "A" attached hereto and made a part hereof.

F. Developer desires to provide a flexible and reasonable procedure for the development of the Overall Property in multiple phases and to establish a method for the administration, maintenance, preservation, use and enjoyment of such portion of the Property which may be made subject to these Restrictions.

G. Developer has caused to be formed a property owners association to be known as Live Oak Village Master Association (the "Association") as defined in Section 1.5 below, which Association will be conveyed a fee or leasehold interest in certain common areas.

H. Developer has caused to be formed a property owners association composed of owners of lots in Phase I, to be known as the Live Oak Village Phase I Owners Association (the "Phase I Association") as defined in Section 1.37 below, which Association will be conveyed a fee or leasehold interest in certain Limited Common Areas.

NOW, THEREFORE, subject to the conditions and limitations described below, Developer does hereby proclaim that Phase I shall be held, developed, improved, transferred, sold, conveyed, leased, occupied and used subject to these Covenants, which shall be binding upon and inure to the benefit of all parties acquiring or having any right, title or interest in the Property and any of the Additional Property, as described in Section 1.1 below (but only to the extent Developer submits any portion of the Additional Property to the provisions of these Covenants), and their respective heirs, executors, administrators, personal representatives, successors and assigns.

ARTICLE 1

DEFINITIONS

As used throughout these Covenants, the following terms shall have the meanings set forth below, which meanings shall be applicable to both the singular and plural forms and to all tenses of such terms:

Section 1.1 Additional Property. The term "Additional Property" shall mean and refer to any portion of the Development and any real property and any Improvements situated thereon lying adjacent to or in close proximity with Phase I which Developer may from time to time submit and add to the provisions of these Covenants pursuant to the provisions of Section 2.2 below. The Additional Property may also include additional Common Areas.

Section 1.2 Apartment Lot. The term "Apartment Lot" shall mean and refer to any unimproved portion of the Property upon which the owner thereof intends that an apartment building be constructed. Upon the recordation of each Apartment Lot thereon shall be deemed an Apartment Lot for purposes of these Covenants. A parcel of land shall be deemed unimproved and thus considered to be an Apartment Lot rather than an Improved Apartment Lot until the Improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such Lot and the Improvements thereon shall collectively be considered to be an Improved Apartment Lot for purposes of these Covenants. In the event any Lot is resubdivided by Developer pursuant to the provisions of Section 2.6 hereof, the resubdivided Lots shall constitute the number of Lots which remain after such division or combination of Lots.

Section 1.3 Articles of Incorporation. The term "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Live Oak Village Master Association and all amendments thereto.

Section 1.4 Assessment. The term "Assessment" shall mean the annual and special assessments and any other charges assessed against any Lot, multi-family building,

condominium unit, single family unit, duplex unit, or commercial lands by the Association pursuant to Article IX or Assessment by a Phase Association pursuant to Section 6.10 hereof and a Phase Association expense described in Section 6.5 below.

Section 1.5 Association. The term "Association" shall mean Live Oak Village Master Association, Inc., an Alabama nonprofit corporation, the members of which will be the owners of platted lots or condominium units (including the Developer) in Live Oak Village.

Section 1.6 Association Expenses. The term "Association Expenses" shall mean and refer to all expenditures made or incurred by or on behalf of the Association including without limit those expenditures described in Article 9 and Section 4.4 below.

Section 1.7 Board. The term "Board" shall mean and refer to the members of the Board of Directors of the Association and their duly elected successors as may be provided for in the Articles of Incorporation and Bylaws, as the same may exist from time to time.

Section 1.8 Bylaws. The term "Bylaws" shall mean and refer to the bylaws of the Association as the same may be amended from time to time.

Section 1.9 Building. The term "Building" shall refer to any structure, whether residential, commercial, recreational that may be developed on any of the lots or common areas of the property.

Section 1.10 CHS Properties. The term "CHS Properties" shall refer to the Developer.

Section 1.11 Commercial Lot. The term "Commercial Lot" shall mean and refer to any unimproved portion of the Property upon which the owner thereof intends that a commercial building be constructed. Upon the recordation of each commercial lot thereon shall be deemed a commercial lot for purposes of these Covenants. A parcel of land shall be deemed unimproved and thus considered to be a Commercial Lot rather than an Improved Commercial Lot until a Certificate of Occupancy or final inspection is issued by the City of Foley, Alabama. In the event any Lot is resubdivided by Developer pursuant to the provisions of Section 2.6 hereof, the resubdivided Lots shall constitute the number of Lots which remain after such division or combination of Lots.

Section 1.12 Common Areas. The term "Common Areas" shall mean and refer to all real and personal property or easements now or hereafter owned by the Association for the nonexclusive, common use and enjoyment of the owners of Improved Residential Lots, Improved Apartment Lots, condominiums, their tenants, guests and invitees. The Common

Areas shall include (a) all private roadways and easements located within the boundaries of the Development that provide ingress to and egress from any portion of the Development (other than any such private roadways or easements that are located solely within the boundary lines of any Lot, Dwelling or Unit), (b) all private roadways and Development that provide ingress to or egress from any portion of the Development (other than any such private roadways or easements that are located solely within the boundary lines of any Lot, Dwelling or Unit), (c) all signage, street lights, lighting, walkways, sidewalks, paths, bicycle and jogging paths and lanes, gates, walls, fences, limited access facilities, Improvements, landscaped or other areas immediately adjacent to any public or private roadways that may be adjacent to or in close proximity with the Development that provide ingress to and egress from any portion of the Development (other than any such areas located solely within the boundary lines of any Lot, Dwelling or Unit), (d) all lakes, water features, storm drains and sewers, drainage and/or watershed protection or retention ponds, lakes, basins or other areas and facilities located within the Development (other than such areas located solely within the boundary lines of any Lot, Dwelling or Unit), (e) all maintenance areas and parking areas located on any portion of the Development (other than such areas located solely within the boundary lines of any Lot, Dwelling or Unit), (f) all utility lines, pipes, ducts, conduits, equipment, machinery and other apparatus and appurtenances that are located in or serve any portion of the Common Areas, (g) all recreational facilities, club house, meeting rooms or similar facilities that may be developed by Developer and conveyed to the Association, (h) all parks, nature trails, recreational facilities and areas, (i) all easements and easement areas within the Development (other than such areas located solely within the boundary lines of any Lot), and any other areas or Improvements on or within the Development that are designated as Common Areas by Developer from time to time. The designation of any land and/or Improvements as Common Areas shall not mean or imply that the public at large acquires any easement of use or enjoyment thereof or any other rights, licenses or benefits therein.

Section 1.13 Common Expenses. The term "Common Expenses" shall mean and refer to all expenditures made or incurred by or on behalf of the Association, including, without limitation, those expenses described in Articles VIII and IX below and as to a Phase Association those expenses described in Article VI below, all funds assessed for the creation or maintenance of reserves pursuant to the provisions of these Covenants, and a proportionate share of all Association Expenses.

Section 1.14 Community Senior Life. The term "Community Senior Life" shall refer to Community Senior Life, Inc. an Alabama not-for-profit corporation.

Section 1.15 Condominium. The term "Condominium" shall refer to any condominium which in the future may be developed by Developer or others by a declaration of condominium in future phases of the Development.

Section 1.16 Condominium Unit. The term "Condominium Unit or Units" shall refer to a unit as defined in a condominium declaration.

Section 1.17 Covenants. The term "Covenants" shall mean and refer to the Covenants, Conditions and Restrictions for Live Oak Village as set forth herein, and all amendments thereto.

Section 1.18 Design Code. The term "Design Code" shall mean the standards prepared, issued and amended from time to time by the DRB pursuant to Section 6.4 below for the purpose of reviewing and approving all exterior improvements, landscaping and other Improvements that may be made to any Lot, Dwelling, Common Area, Commercial Buildings or Multi-Family Buildings.

Section 1.19 Developer. The term "Developer" shall mean CHS Properties, Inc., an Alabama corporation, its successors and assigns.

Section 1.20 Development. The term "Development" shall mean and refer to that portion of the Overall Property which Developer, in its sole discretion, shall deem necessary or desirable to develop and submit to these covenants. ALL OTHER CONDITIONS NOTWITHSTANDING, DEVELOPER IS COMMITTED TO DEVELOPING PHASE I, AND MAY DEVELOP OR NOT DEVELOP ANY REMAINING PORTION OF THE OVERALL PROPERTY, AND MAY OR MAY NOT SUBJECT SAME TO THESE COVENANTS.

Section 1.21 DRB. The term or letters "DRB" shall mean the Design Review Board appointed pursuant to Section 5.2 hereof with the rights and obligations conferred upon such Design Review Board pursuant to these Covenants.

Section 1.22 Dwelling. The term "Dwelling" shall mean and refer to any improved Lot intended for use as single-family detached residential housing, a townhouse unit, or a patio homes unit. Wherever any of the phrases "Lot, Dwelling or Unit", "Lots or Dwellings", "Lot and Dwelling" or "Lots and Dwellings" appear herein, the term "Dwelling" or "Dwellings" in those instances shall include the Lot or Lots upon which such Dwelling or Dwellings are constructed.

Section 1.23 Governmental Authority. The term "Governmental Authority" shall mean any and all city, county, state and federal governmental or quasi-governmental agencies, bureaus, departments, divisions or regulatory authorities having jurisdiction over any portion of the Development.

Section 1.24 Improved Apartment Lot. The term "Improved Apartment Lot" shall mean an Apartment Lot upon which an apartment building has been completed, and a certificate of occupancy or other final inspection received from the City of Foley.

Section 1.25 Improved Commercial Lot. The term "Improved Commercial Lot" shall mean a Commercial Lot upon which a commercial or office building has been completed, and a certificate of occupancy or other final inspection received from the City of Foley.

Section 1.26 Improved Residential Lot. The term "Improved Residential Lot" shall mean a residential lot upon which a dwelling has been completed, and a certificate of occupancy or other final inspection received from the City of Foley.

Section 1.27 Improvement. The term "Improvement" shall mean and refer to all Dwellings, condominiums, apartments, office or commercial buildings and any building, structure, planting or device constructed, erected or placed upon the Property that in any way affects the exterior appearance of any Lot, Building, Dwelling or Common Area. Improvements shall include, by way of illustration and not limitation, buildings, foundations, covered patios, helipads, underground utilities, septic tanks, roads, driveways, walkways, paving, curbing, parking areas, trees, shrubbery, landscaping, fences, screening, walls, signs, satellite dishes, radio or television antennas, and any other artificial or manmade changes or alterations to the natural condition of any Lot, Dwelling or Unit. "Improvements" shall also mean any grading and any excavation or fill, the volume of which exceeds eight cubic yards, and any soil erosion controls, ponds, lakes, or drainage channels constructed on the Overall Property.

Section 1.28 Institutional Mortgagee. The term "Institutional Mortgagee" shall mean and refer to (a) any federal or state chartered bank, trust company, life insurance company, federal or state savings and loan association, real estate investment trust or other recognized lending institution that normally and customarily engages in the business of making Mortgage loans, (b) any institutional or governmental purchaser of Mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, and (c) any pension or profit-sharing trust that makes Mortgage loans or that purchases Mortgage loans in the secondary market, that holds a first Mortgage on any Lot, Dwelling or Unit that has been duly and properly recorded in the Probate Office of Baldwin County, Alabama.

Section 1.29 Limited Common Areas. The term "Limited Common Areas" shall refer to all real and personal property or easements now or hereafter owned by a Phase Association for the nonexclusive use and enjoyment of owners of lots in a particular Phase to the exclusion of use or enjoyment by owners of lots outside said Phase.

Section 1.30 Live Oak Village. The term "Live Oak Village" shall refer to that portion of the Overall Property that Developer, in its sole discretion, shall deem necessary and desirable to submit to these Covenants.

Section 1.31 Living Space. The term "Living Space" shall mean and refer to the enclosed and covered areas within a Dwelling that are heated and cooled by heating, ventilating and air conditioning equipment, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics and basements.

Section 1.32 Lot. The term "Lot" shall mean and refer to any unimproved portion of the Property upon which the Owner thereof intends that a Dwelling, Condominium, Commercial Building, Apartment Building or Common Area Facility be constructed. Upon the recordation of any subdivision plat for any portion of the Property, each lot indicated thereon shall be deemed an Improved Lot for purposes of these Covenants. A parcel of land shall be deemed unimproved and thus considered to be a Lot rather than a Dwelling until the Improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof as evidenced by a Certificate of Occupancy issued by the City of Foley or other appropriate supervisory authority. Upon such completion, such Lot and the Improvements thereon shall collectively be considered to be a Dwelling for purposes of these Covenants. In the event any Lot is resubdivided by Developer pursuant to the provisions of Section 2.7 hereof, the resubdivided Lots shall constitute the number of Lots which remain after such division or combination of Lots.

Section 1.33 Mortgage. The term "Mortgage" shall mean and refer to any mortgage, deed of trust or other security device encumbering a Lot, Dwelling, Commercial Lot, Apartment Lot, Condominium Unit or any interest therein and which shall have been duly and properly recorded in the Office of the Judge of Probate of Baldwin County, Alabama.

Section 1.34 Mortgagee. The term "Mortgagee" shall mean and refer to the holder of any Mortgage and shall include any Institutional Mortgagee.

Section 1.35 Occupant. The term "Occupant" shall mean and include any Owner, the family members, guests, tenants, agents, servants, employees and invitees of any Owner and their respective family members, guests, tenants, agents, servants, employees, invitees and any other person who occupies or uses any Dwelling, Apartment or Commercial Building within the Property. All actions or omissions of any Occupant are and shall be deemed the actions or omissions of the Owner of such Dwelling, Apartment or Commercial Building.

Section 1.36 Overall Property. The term "Overall Property" shall mean and refer to 148.5 acres of land in Foley, Alabama south of Baldwin County Highway 24 and more particularly described in Exhibit "B" attached hereto and made a part hereof.

Section 1.37 Owner. The term "Owner" shall mean and refer to the record owner, including Developer, of fee simple title to any Condominium Unit, Lot, Dwelling, Commercial Lot, Apartment Lot, whether a corporate, partnership, proprietorship, association or other entity of any nature, including natural persons, but shall not include (i) any Mortgagee unless and until such Mortgagee has foreclosed on its Mortgage and purchased such Condominium Unit, Commercial Lot, Apartment Lot or Dwelling at the foreclosure sale held with respect to the foreclosure of such Mortgage or (ii) any lessee, purchaser, contract purchaser or vendor who has an interest in any Condominium Unit, Commercial Lot, Apartment Lot or Dwelling solely by virtue of a lease, contract, installment contract or other agreement.

Section 1.38 Phase Associations. The term "Phase Associations" shall refer to the Phase I Association, and any other association to be formed by Developer, the member of which shall be the owners of lots in any subsequent phases of Live Oak Village.

Section 1.39 Phase I. The term "Phase I" shall refer to the Plat of Live Oak Village Phase One, a planned unit development, as recorded on August 12, 1998 in the Office of the Judge of Probate of Baldwin County, Alabama on Slides 1831 A and 1831 B, said lands being more particularly described on Exhibit "A" attached hereto and made a part hereof, composing 15.6 acres, more or less, which said lands are subjected to these Covenants, Conditions and Restrictions. Phase I and the Plat of Phase I are sometime referred to as Phase "One".

Section 1.40 Phase I Association. The term "Phase I Association" shall refer to the Live Oak Village Phase I Owners Association, an Alabama nonprofit corporation, the members of which will be the owners of platted lots in Phase I.

Section 1.41 Property. The term "Property" shall mean and refer to Phase I and any additional property made subject to these Covenants pursuant to Section 2.2 hereof.

ARTICLE 2

PROPERTY SUBJECT TO COVENANTS

Section 2.1 General. Developer hereby proclaims that the Property is and shall be subject to the easements, covenants, conditions, restrictions, charges, liens and regulations of these Covenants, and the Property, any part thereof and each Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, Commercial Lot and Common Area thereon shall be held, owned, sold, transferred, conveyed, encumbered, leased, occupied, built upon and otherwise used, improved and maintained, subject to the terms of these Covenants, which easements, covenants, conditions, restrictions, charges, liens and regulations shall run with the title to the Property and shall be binding upon and inure to the benefit of Developer and all Owners and Occupants of the Property and any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, Commercial Lot thereof. whether unimproved or improved.

Section 2.2 Additional Property. Developer reserves the right, in its sole and absolute discretion, at any time and from time to time during the pendency of these Covenants, to add and submit any Additional Property to these Covenants and, to the extent any of the Additional Property is specifically submitted to these Covenants by Developer, then any such Additional Property shall constitute part of the Property. Additional Property may be submitted to these Covenants by an instrument executed by Developer in the manner required for the execution of deeds and recorded in the Probate Office of Baldwin County, Alabama, which instrument shall be deemed an amendment to these Covenants (which need not be consented to or approved by any Owner, Occupant or Mortgagee of any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot) and shall (a) refer to these Covenants, stating the book and page number in the Probate Office of Baldwin County, Alabama, where these Covenants are recorded, (b) contain a statement that such Additional Property is conveyed subject to the provisions of these Covenants or only specified portions thereof; (c) contain an exact description of such Additional Property and (d) state such other or different covenants, conditions and restrictions as the Developer, in its sole discretion, shall specify to regulate and control the use, occupancy and improvement of such Additional Property. From and after the date on which any amendment to these Covenants is recorded in the Probate Office of Baldwin County, Alabama submitting any Additional Property to the provisions of these Covenants, the number of votes in the Association and the Association shall be increased by the number of Residential Lots, Condominium Lots, Condominium Units, Commercial Lots or Apartment Lots in accordance with the voting formula contained in Section 4.3 hereafter and in accordance with the voting rights set forth hereafter and in the Bylaws. In no event shall Developer be obligated to submit any Additional Property to the provisions of these Covenants or to impose any of the covenants, conditions or restrictions set forth in these Covenants upon any real property

owned by Developer other than the Property. Notwithstanding anything provided in these Covenants to the contrary, (1) the provisions of this Section 2.2 may not be abrogated, modified, rescinded, supplemented or amended, in whole or in part, without the prior written consent of Developer, and (2) the rights reserved by Developer pursuant to this Section 2.2 shall not be deemed to inure to the benefit of any transferee or purchaser of any Additional Property, or any portion thereof, unless Developer, in its sole discretion, transfers and conveys to such transferee or purchaser the rights reserved herein by express reference to Section 2.2 of these Covenants.

Section 2.3 Right of Developer to Modify Restrictions with Respect to Residential Lots, Condominium Lots, Apartment Lots or Commercial Lots Owned by Developer. With respect to any Residential Lot, Condominium Lot, Apartment Lot or Commercial Lot owned by Developer, Developer may, until January 1, 2020 or such sooner date as Developer may, in its sole discretion, determine by deed, contract or other instrument filed for record in the manner specified in Section 2.2 above, modify the provisions of these Covenants as the same apply to any such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot, including but not limited to, the withdrawal of any such Lot from the operation and effect of these Covenants.

Section 2.4 Mutuality of Benefit and Obligation. The provisions of these Covenants are made (a) for the mutual and reciprocal benefit of each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit within the Property and are intended to create mutual, equitable servitudes upon and in favor of each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit, (b) to create reciprocal rights and obligations between the respective Owners and all future and subsequent Owners of any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit within the Property and (c) to create a privity of contract and estate between the Owners, their respective heirs, successors and assigns.

Section 2.5 Development of Property. Subject to the approval of any Governmental Authority with appropriate jurisdiction, Developer shall have the right, but not the obligation, for so long as Developer owns any portion of the Development, until January 1, 2020 or until such earlier date as Developer elects in its sole discretion to relinquish such right, to make improvements and changes to all Common Areas and to all Residential Lots, Condominium Lots, Apartment Lots, Commercial Lots or Condominium Units owned by Developer, including, without limitation, (a) installation and maintenance of any Improvements in or to the Common Areas, (b) changes in the location of the boundaries of any Lot, Dwelling or Unit owned by Developer or of the Common Areas, (c) installation of any water, sewer and any other utility systems and facilities within the Common Areas, and (d) installation of limited access and trash and refuse facilities.

Section 2.6 Subdivision Plat. Developer reserves the right to record, modify, amend, revise and otherwise add to, at any time and from time to time, a subdivision plat setting forth such information as Developer may deem necessary with regard to the Property, including, without limitation, the locations and dimensions of all Residential Lots, Condominium Lots, Apartment Lots or Commercial Lots, public or private roads, utility systems, drainage systems, utility easements, drainage easements, access easements, setback line restrictions, lakes, retention ponds and drainage basins. Any such subdivision plats or any amendments thereto shall be binding on the portions of the Property indicated thereon as if such subdivision plat were specifically incorporated into these Covenants. Notwithstanding anything provided to the contrary in these Covenants, Developer may at any time or from time to time divide and redivide, combine and resubdivide any Lots owned by Developer and change any easement description or relocate any roads affected: thereby, subject to approval of any Governmental Authority having jurisdiction thereof.

ARTICLE 3

EASEMENTS

Section 3.1 Grant of Nonexclusive Easements to Owners.

(a) **Common Areas.** Subject to the terms and conditions of these Covenants and the rules, regulations, fees and charges from time to time established by the Association Board and the Association, Developer does hereby grant to each Owner and Occupant the nonexclusive right, privilege and easement of access to and the use and enjoyment of the Common Areas in common with Developer, its successors and assigns, and all other Owners and Occupants. Subject to the provisions of Section 2.3 herein, the easement and rights granted pursuant to this Section 3.1(a) are and shall be permanent and perpetual, are nonexclusive, are appurtenant to and shall pass and run with title to each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit. The easement and rights granted pursuant to this Section 3.1(a) are expressly subject to the rights reserved by Developer to restrict access to the Development as provided in Sections 3.3(a) and 3.3(b) below and to take any action necessary or desired in order to cause any of the private roadways within the Development to be dedicated and accepted public roadways by any Government Authority as provided in Section 3.3(c) below.

(b) **Private Roadways.** Subject to the terms and conditions set forth in these Covenants, and subject also to the traffic rules and regulations described in Section 7.31 hereafter, Developer does hereby grant to each Owner and Occupant for ingress and egress to and from any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit, a nonexclusive easement over and upon, and the right to use for pedestrian or vehicular travel, as appropriate, the private roadways and trails within the

Property, subject to and in common with Developer, its successors and assigns, and all other Owners and Occupants and the rights of all other parties having any interest or rights therein including, but not limited to, any other owner of any portion of the Development and the public should Developer, in its sole discretion, dedicate any private roadway for acceptance for maintenance by Baldwin County. The easement and right to use granted pursuant to this Section 3.1(b) are and shall be permanent and perpetual, are nonexclusive, and are appurtenant to and shall pass and run with title to Residential Lots, Condominium Lots, Condominium Units, Apartments Lots or Commercial Lots. The easement and right to use granted pursuant to this Section 3.1(b) are also subject to all rights of Developer to upgrade and improve any intersection of the Property and any other street or highway when, in Developer's judgment, such upgrading or improvement is necessary to maintain acceptable traffic flow within the Development. Such upgrading and improving shall include, but not be limited to, the installation of traffic signals at any such intersection. To the extent Developer is obligated to maintain or otherwise pay any portion of the costs of maintaining any portion of the Property, its medians, drainage facilities, shoulders, and landscaping, or if Developer deems it necessary or desirable to upgrade or improve any intersection of the Property and any other street or highway as stated above, the Association shall assume all of Developer's obligations relating thereto, and such costs shall be included in the Association Expenses pursuant to Article 9 below.

Section 3.2 Grant of Easement to Governmental Authorities. Subject to the provisions of Sections 3.3(a) and 3.3(b) below, Developer does hereby grant to each branch, bureau, department and agency of any Governmental Authority and its respective agents, employees and representatives, a permanent, perpetual and nonexclusive easement over, across, through and upon all of the private roadways within the Development forming a part of the Common Areas for the purposes of performing such duties and activities related to law enforcement, fire protection, trash and refuse collection, building inspection services, mail and package delivery, medical and emergency services and any other functions or duties to be performed by the Governmental Authorities as shall be required or appropriate from time to time.

Section 3.3 Reservation of Controlled Access Easement.

(a) **Waiver of Unlimited Access.** Each Owner, by acceptance of a deed or other instrument conveying any interest in any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit, does hereby waive all rights of uncontrolled and unlimited access, ingress to and egress from such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit, except as such access may be to the Property or other dedicated street, and acknowledges and agrees that (i) in order to provide quiet enjoyment, access and ingress to and egress from the Development and/or the Property may be controlled, restricted and limited to exclude the general public therefrom and (ii)

access and ingress to and egress from such Owner's Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit may be limited to the roads, sidewalks, walkways, paths, boardwalks, trails and bicycle or jogging paths and lanes designated as Common Areas by Developer; provided, however, that, subject to the provisions of these Covenants, vehicular and pedestrian access to and from all Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit shall be provided at all times.

(b) Right to Install Limited Access Facilities. Developer does hereby establish and reserve for itself, the Association, and their respective successors and assigns, the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling, limiting and restricting vehicular and pedestrian access to and from any portion of the Development.

(c) Power of Attorney. Notwithstanding anything provided to the contrary in these Covenants, Developer (i) does hereby establish and reserve the right, in its sole and absolute discretion and at any time and from time to time, to dedicate any of the private roadways within the Development or any portion thereof as public roadways to any Governmental Authority designated by Developer without requirement that the approval or consent of any Owner, Occupant, Mortgagee or other beneficiary of these Covenants be obtained and (ii) shall be and hereby is authorized and entitled to execute any and all agreements, documents, instruments and subdivision plats pursuant to which any of the other private roadways within the Development are submitted for dedication as public roadways. Each Owner, by acceptance of any deed to a Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit, and each Mortgagee, by the acceptance of any Mortgage on any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit, shall be deemed to, and each does hereby, irrevocably appoint the Developer as its respective agent and attorney-in-fact for the purpose of executing, signing, acknowledging, swearing to and rescinding any and all instruments, certificates, documents, agreements and subdivision plats relating to the dedication of any of the other private roadways within the Development for and in the name of any such Owner and Mortgagee in their name, place and stead. The power and authority granted herein is hereby declared to be irrevocable and a power coupled with an interest which shall survive the death or dissolution of any Owner or Mortgagee and be binding on all Owners and Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns and anyone having any interest in any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit or Common Area or in any of the easement rights created or granted in these Covenants. The rights reserved by Developer pursuant to this Section 3.3(c) may be assigned to the Association. Upon such assignment, the Association shall have the same rights reserved herein to Developer.

(d) **Recreational Facilities.** Subject to the provisions of these Covenants and the rules, regulations, fees and charges from time to time established by Developer or the Association, each Owner and Occupant shall have a nonexclusive right, privilege and easement for access to and the use and enjoyment of the recreational areas, facilities and amenities now or hereafter located in the Common Areas. The easement and rights granted herein are and shall be permanent and perpetual, are nonexclusive, and are appurtenant to, and shall pass and run with title to, each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit.

(e) **Benefit of Easements.** The easements, rights and privileges granted in Sections 3.1 and 3.3 shall pass with each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot and Condominium Unit as an appurtenance thereto and may not be severed, transferred, assigned or otherwise alienated separate or apart from a Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit.

Section 3.4 Reservation of General Access Easement. Developer does hereby establish and reserve for itself, the Master Association, the DRB, the Association and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, through and upon each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit for the purpose of providing access and ingress to and egress from each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit for (a) the inspection of each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit and any Improvements thereon to determine compliance with the provisions of these Covenants, and (b) the performance of the respective duties of Developer, the Association hereunder, including, without limitation, taking any action required or permitted to be taken by Developer, the Association, the DRB pursuant to any of the provisions of these Covenants or the Association Bylaws; provided, however, that upon completion and occupancy of any Dwelling, then except in the event of emergencies, the foregoing easement shall be utilized only during normal business hours and then, whenever practicable, only upon advance notice to the Owner or Occupant of such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit directly affected thereby. THE EASEMENT RESERVED HEREIN SHALL NOT BE APPURTENANT TO ANY CONDOMINIUM THAT MAY BE DEVELOPED ON FUTURE PHASES NOT SUBMITTED BY THE CONDOMINIUM DOCUMENTS TO JOINT USE, PRESERVATION AND MAINTENANCE BY THE CONDOMINIUM ASSOCIATION AND THE ASSOCIATION.

Section 3.5 Reservation of Easements With Respect to Common Areas and Limited Common Areas.

(a) **Easement Upon Common Areas.** Developer does hereby establish and reserve, for itself, the Association, the DRB, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, under, through and upon all of the Common Areas and Limited Common Areas for the purpose of (i) constructing, installing, maintaining, repairing and replacing any Improvements on the Property or on the Common Areas or the Limited Common Areas and (ii) doing all other things reasonably necessary and proper in connection therewith; provided, however, that nothing in this sentence shall obligate Developer to undertake any of the foregoing. In addition to the other rights and regardless of whether Developer continues to own any portion of the Development, Developer hereby establishes and reserves for itself and its successors and assigns, a permanent and perpetual, nonexclusive easement to have access and ingress to and egress from and the right and privilege to use and enjoy the Common Areas and the Limited Common Areas and all Improvements thereon for such purposes as Developer deems appropriate; provided, however, that Developer should not exercise such rights so as to interfere unreasonably with the rights of the Owners to use the Common Areas and the Limited Common Areas.

(b) **Changes in Common Areas.** Developer does hereby establish and reserve unto itself and its successors and assigns the permanent right to change, modify and realign the boundaries of any of the Common Areas, Limited Common Areas, Residential Lots, Condominium Lots, Apartment Lots, Commercial Lots or Condominium Units or other portions of the Development owned by Developer. Developer further reserves the right, but shall not have any obligation, to convey by quitclaim deed or lease to the Association, at any time and from time to time any portion of the Development, the Property or any Improvements thereon to be utilized as Common Areas, all as Developer, in its sole discretion, may determine; provided, however, that any change, modification or realignment of any of the Condominium Common Areas pursuant to Section 3.5 through 3.12 shall be in accordance with the Condominium Documents.

Section 3.6 Reservation of Easement for Utilities. Developer does hereby establish and reserve for itself, the Association, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual nonexclusive easement appurtenant over, across, under, through and upon all portions of the Common Areas and all Residential Lots, Condominium Lots, Apartment Lots, Commercial Lots or Condominium Units that are reasonably necessary for the purpose of installing, erecting, replacing, relocating, maintaining and operating master television and/or cable systems, limited access facilities and similar systems and all utilities necessary or convenient for the use of any portion of the Development including, without limitation, publicly or privately

owned and operated electrical, gas, telephone, water and sewer services, storm drains and sewers, irrigation systems, drainage systems, retention ponds, lakes, basins and facilities, lines, pipes, conduits, equipment, machinery and other apparatus and appurtenances necessary or otherwise reasonably required in order to provide any utility service to any portion of the Development. The easements established and reserved herein shall include the right to cut and remove trees, undergrowth and shrubbery, to grade, excavate or fill and to otherwise take all other action reasonably necessary to provide economical and safe installation, maintenance, repair, operation and replacement of all such utility services and the systems, equipment and machinery used to provide the same. Notwithstanding anything provided in this Section 3.6 to the contrary, (a) the utilization of any of the easements and rights established and reserved pursuant to this Section 3.6 shall not unreasonably interfere with the use or occupancy of any Dwelling situated on any Lot, and (b) Developer shall use good faith efforts to attempt to cause any utility company or other supplier or provider of any utility service that may utilize any of the easements and rights reserved and established pursuant to this Section 3.6 to take reasonable action to repair any damage to any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit caused by such utility company or other supplier or provider of such utility service during the exercise of any rights established and reserved herein.

Section 3.7 Reservation of Easements for Signs, Walks, Boardwalks and Trails.

Developer does hereby establish and reserve for itself, the Association, and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual easement appurtenant over, across, through and upon a strip of land five feet in width on any side of any Residential Lot, Condominium Lot, Apartment Lot or Commercial Lot lying parallel and directly adjacent to and abutting any public or private roadway, for the purpose of constructing, installing, maintaining, repairing, operating, replacing and the use of sidewalks, walkways, boardwalks, trails, bicycle and jogging paths and lanes, traffic directional signs, street lights and related improvements; provided, however, that Developer and the Association shall not by virtue of this sentence, have any obligation to construct any of the foregoing improvements. IT IS UNDERSTOOD THAT SAID FIVE FOOT SIDE SETBACK LINE MAY BE MODIFIED BY DEVELOPER IN PLAT RESTRICTIONS OR OTHERWISE.

Section 3.8 Reservation of Maintenance Easement. Subject to the provisions of Article 8 below, Developer does hereby establish and reserve for the Association or a Phase Association, as appropriate, and each of its respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual right and easement to enter upon any Lot or Dwelling for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing trash so as to maintain reasonable standards of health, fire, safety and appearance within the Development;

provided, however, that such easement shall not impose any duty or obligation upon Developer or the Association to perform any of the foregoing actions.

Section 3.9 Reservation of Environmental Easement. Developer does hereby establish and reserve for itself, the DRB, the Association, any Phase Association and their respective agents, employees, representatives, invitees, successors and assigns, a permanent and perpetual right and easement on, over, across and upon all Lots and all unimproved portions of any Dwellings for the purpose of taking any action necessary to effect compliance with the Design Code or any environmental rules, regulations and procedures from time to time promulgated or instituted by any Governmental Authorities or the Association. Except in the case of an emergency situation or a perceived emergency situation, the exercise by Developer or the Association of the rights reserved in this Section 3.9 shall not unreasonably interfere with the use or occupancy of any Dwelling, Commercial Improvements or Apartment Improvements situated on any Lot.

Section 3.10 Landscaping by Owners on Easement Areas. The Developer, the Association, any Phase Association, any Governmental Authority, any utility company, and each of their respective agents, employees, representatives, invitees, successors and assigns, shall not be liable to any Owner, Occupant or any other party for and on account of damage to any landscaping or plantings placed on any easement area or road right-of-way within the Development by any Owner, Occupant or any other party.

Section 3.11 Repurchase by Developer. Should any owner of a residential lot not commence construction of the home on said lot within one year of purchase of same, and not complete a dwelling and secure a certificate of occupancy within twenty-four (24) months of purchase, then in either event, Developer shall have the right, but not the obligation, to repurchase such lot from the purchaser for the actual amount paid to Developer for said lot, exclusive of interest. Should the owner of the residential lot have commenced construction of same within the time required, but completion of same within the time required is prevented by casualty, strikes, or other force *majeure*, then in either event, the time before completion shall be extended to such additional time as may be reasonably necessary to complete such improvements.

ARTICLE 4

LIVE OAK VILLAGE MASTER ASSOCIATION

Section 4.1 Membership. As provided in the Articles of Incorporation and Bylaws of the Association, the Owner of each Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit contained in recorded plats of Live Oak Village, shall be a member of the Association. Membership in the Association shall be appurtenant to and

may not be separated from ownership of any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit; provided, however, that (a) Developer shall be deemed a member of the Association for so long as Developer owns any portion of the Property, or until such earlier date as Developer elects, in Developer's sole discretion, to terminate Developer's membership in the Association, (b) if any Lot or Unit is owned by more than one person, then the Owner of such Lot or Unit shall, by written notice to the Board, designate only one representative to serve as a member of the Association until such time, if at all, as the Mortgagee thereof becomes an Owner by virtue of foreclosure of its Mortgage and title to such encumbered Lot or Unit is vested in the Mortgagee pursuant to a duly recorded deed. The transfer or conveyance of fee title to any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit (other than by a Mortgage as security for the payment of an obligation), shall automatically include the transfer of all membership rights of such Owner in the Association with respect to the Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit transferred and conveyed, notwithstanding any failure of the transferor to transfer to his transferee any certificates, assignments or other evidence of such membership. Membership or the rights and benefits in the Association may not be transferred, assigned, conveyed or otherwise alienated in any manner separately and apart from the ownership of a Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Condominium Unit. Each member of the Association shall at all times comply with the provisions of these Covenants, the Articles of Incorporation, the Bylaws and all rules and regulations that may from time to time be adopted by the Board or the members of the Association.

Section 4.2 Board. THE BOARD OF THE ASSOCIATION SHALL HAVE THE RIGHTS AND DUTIES SET FORTH IN ITS ARTICLES OF INCORPORATION AND THE BYLAWS. DEVELOPER HEREBY RETAINS AND SHALL HAVE THE RIGHT TO APPOINT OR REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OR MEMBERS OF THE BOARD AND ANY OFFICER OR OFFICERS OF THE MASTER ASSOCIATION UNTIL JANUARY 1, 2020, OR UNTIL SUCH EARLIER DATE AS DEVELOPER ELECTS, IN DEVELOPER'S SOLE DISCRETION, TO RELINQUISH SUCH RIGHT AND FURTHER TO APPOINT OR DESIGNATE THOSE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION. EACH OWNER, BY ACCEPTANCE OF A DEED TO OR OTHER CONVEYANCE OF A RESIDENTIAL LOT, CONDOMINIUM LOT, APARTMENT LOT, COMMERCIAL LOT OR CONDOMINIUM UNIT, VESTS IN DEVELOPER SUCH AUTHORITY TO ADD AND REMOVE MEMBERS OF THE BOARD AND OFFICERS OF THE ASSOCIATION AND TO DESIGNATE THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION TO BE ELECTED BY THE BOARD OF THE ASSOCIATION UNTIL JANUARY 1, 2020, OR SUCH EARLIER DATE AS DEVELOPER, IN ITS SOLE DISCRETION, SO ELECTS.

Section 4.3 Voting Rights. Subject to the rights reserved for Developer in the Articles of Incorporation and Bylaws (which, among other things, provide that only Developer, until January 1, 2020, or until such earlier date as Developer may elect, in Developer's sole discretion, will be exclusively entitled to take various actions and vote on all matters to be voted on by the members of the Association) and the rights of the Association to suspend any Owner's voting rights or privileges in the Association pursuant to Section 12.1 below, the Voting Rights of all Owners of residential, apartment, or commercial lots or condominium units within the property shall be as follows: (i) each Owner, including the Developer, of an Improved Residential Lot or Condominium Unit, shall be entitled to one vote in any matter submitted to members of the Association for approval. No Owner of an Improved Residential Lot or Condominium Unit, whether one or more persons, shall have more than one vote. The Owner of each Improved Residential Lot or Condominium Unit shall be entitled to one vote in any matters submitted to the members of the Master Association for approval. No Owner, whether one or more persons, shall have more than one membership and one vote per Residential Lot or Condominium Unit. Such voting rights shall continue to apply to each Improved Residential Lot or Condominium Unit upon the addition of any of the Additional Property to these Covenants. (ii) Each Owner of an Improved Apartment Lot shall have one vote for each 2,000 square feet of living space within an Apartment Unit. (iii) Each Owner of any Improved Commercial Lot shall have one vote for each 2,000 square feet of Improved Commercial Space. (iv) Should a Condominium be built and dedicated on Additional Property, each Owner of a Condominium Unit shall be entitled to one vote in any matter submitted to members of the Association for approval. In no event, whether as a result of there being multiple ownership interests in any Improved Residential Lot or Condominium Unit or otherwise, shall more than one vote be allowed for any one Improved Residential Lot or Condominium Unit. Fractional voting shall not be permitted. For purposes of this Section 4.3, Developer shall be deemed to be the Owner of and shall be entitled to all voting rights attributable to any Improved Residential Lots, Condominium Unit, Improved Condominium Lot or Improved Apartment Lot. Each Owner by acceptance of deed or other public conveyance to a Residential Lot, and Apartment Lot, a Commercial Lot, or Condominium Unit consents and agrees to the dilution of his or her voting interest in the Association by virtue of the resubdivision of any Lot by Developer pursuant to Section 2.6 above, and the submission of any Additional Property to the terms of these Covenants.

Section 4.4 Duties and Powers of Master Association. In addition to the rights, duties, responsibilities and obligations of the Association otherwise set forth in these Covenants, the Association shall have the power to perform or cause to be performed any of the duties and powers set forth in the Articles of Incorporation and the Bylaws. The Association may exercise any other right or privilege granted to it expressly by its Board, these Covenants or Bylaws, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary

to effectuate any such right or privilege. Except as otherwise specifically provided to the contrary herein, in its Articles of Incorporation or in the Bylaws, the powers and authority granted to the Association may be exercised by the Board, acting through the officers of the Association, without further consent or action on the part of the Owners. Nothing herein shall be construed as a restriction of the rights, duties, responsibilities and obligations of the Association set forth in the Articles of Incorporation or the Bylaws.

Section 4.5 Agreements. Subject to the conditions, restrictions and other provisions of these Covenants, all agreements, actions and determinations lawfully authorized by the Board with respect to the Property shall be binding upon all Owners, their heirs, executors, personal representatives, administrators, successors and assigns and all others having any interest in the Property. In performing its responsibilities hereunder, the Association, through the Board, shall have the right and authority to delegate to persons of its choice such duties of the Association hereunder as may be determined by the Board. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of any portion of the Property, whether such personnel are furnished or employed directly by the Association or by independent contract with the Association. During the term of any such management agreement entered into by the Association with a third Party, such manager may, if authorized by the Board, exercise all the powers and shall be responsible for the performance of all of the duties of the Association hereunder, excepting any of such powers or duties specifically and exclusively reserved to the Board or the officers of the Association by these Covenants, the Articles of Incorporation or the Bylaws. Such manager may be an individual, corporation or other legal entity and may be bonded in such manner as the Board may require, with the costs of such bond to be a Common Expense. In addition to the foregoing, the Association may pay for and the Board may hire and contract for such legal and accounting services as are necessary or desirable in connection with the operation of the Property, or the enforcement of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association.

Section 4.6 Management by Developer and its Affiliates. In addition to the rights and authority granted to the Association in Section 4.5, Developer or any affiliate thereof may, but shall not be obligated to, be employed as the manager of the Association and the Property, until January 1, 2020, or until such earlier date as Developer elects, in Developer's sole discretion, to relinquish such right, at such compensation and on such terms as would be usual, customary and obtainable in an arms-length transaction with any third party providing comparable services for any real estate development in the southeastern United States of the size, quality and nature of the Property. Each Owner, by acceptance of a deed to or other conveyance of a Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot, shall be deemed to ratify the provisions of this Section

4.6 and shall specifically be deemed to have approved any management agreement entered into by the Association and Developer or any affiliate thereof.

Section 4.7 Rules and Regulations. The Board may establish and enforce reasonable rules and regulations governing the use of all Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot and Common Areas, including the enforcement of all of the provisions of these Covenants. Each such rule and regulation shall be binding upon all Owners and Occupants until and unless any such rule or regulation is specifically overruled, canceled or modified by the Board or by the majority vote of the total votes of the Association at any regular or special meeting of the Association; provided, however, that no such rule or regulation may be overruled, canceled or modified unless such action is also approved by Developer until January 1, 2020 or such earlier date as Developer elects in Developer's sole discretion, to relinquish such right.

Section 4.8 Indemnification. The Association shall and does hereby indemnify, defend and agree to hold each and every officer, agent, representative and member of the Board harmless from and against any and all expenses, including court costs and reasonable attorney's fees, suffered, paid or incurred with any action, suit or other proceedings (including the settlement of any suit or proceedings if approved by the Board) to which such person may be made a party by reason of being or having been an officer, agent, representative or member of the Board. The officers, agents, representatives and members of the Board shall not be liable for any mistake in judgement, negligence or otherwise except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The officers, agents, representatives and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall and does hereby indemnify, defend and agree to forever hold each such officer, agent, representative and member of the Board harmless from any and all liability to others on account of any such contract or commitment. The indemnification, obligations and rights provided for herein shall not be exclusive of any other rights to which any officer, agent, representative or member of the Board may be entitled, including anything provided to the contrary contained in the Articles of Incorporation or the Bylaws. The Association shall (as long as such insurance is available and economically feasible) maintain adequate general liability and officers' and directors' liability insurance in order to fulfill its obligations under this Section 4.8 and the costs of such insurance shall constitute a Common Expense.

ARTICLE 5

**DESIGN REVIEW BOARD,
DEVELOPMENT AND DESIGN CODE**

Section 5.1 Board Composition. The DRB shall consist of not less than three nor more than seven persons, each of whom shall be appointed or elected as provided in Section 5.2 below. The members of the DRB may, but shall not be required to be, members of the Association or Owners of any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, or Commercial Lot. The term of office for each member of the DRB shall be three years (coinciding with the fiscal year of the Association), except as provided in Section 5.2(d) below. Any member appointed or elected as provided in Section 5.2 below may be removed with or without cause in the manner provided in Section 5.2 below. Each Owner, by acceptance of a deed to or other conveyance to a Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, or Commercial Lot, shall be deemed to ratify the provisions of Section 5.2 below.

Section 5.2 Appointment and Removal of DRB Members.

(a) UNTIL JANUARY 1, 2020, OR UNTIL SUCH EARLIER DATE AS DEVELOPER MAY ELECT, IN DEVELOPER'S SOLE DISCRETION, DEVELOPER SHALL HAVE THE SOLE AND EXCLUSIVE RIGHT TO APPOINT AND REMOVE ALL OF THE MEMBERS OF THE DRB.

(b) After January 1, 2020, or upon Developer's written notice to the Association that it no longer desires to exercise the right to appoint and remove members of the DRB as provided in Section 5.2(a) above, then the members of the DRB shall be appointed by the Association Board.

(c) Any member of the DRB may be removed, with or without cause, by (i) Developer, in its sole discretion, during the period of time that the provisions of Section 5.2(a) above are in effect or (ii) the Association Board, in the event the provisions of Section 5.2(b) above are in effect. In the event of death or resignation of a member of the DRB, then Developer, if the provisions of Section 5.2(a) above are applicable; or the Association Board, if the provisions of Section 5.2(b) above are applicable, as the case may be, shall appoint a substitute member of the DRB to fill the vacancy of such deceased or resigning member for the remainder of the term of such former member.

(d) The Developer shall appoint the initial DRB for terms ranging from one to three years each, in Developer's sole discretion. At the expiration of the term of office of each respective member of the initial DRB, Developer, in the event the provisions of Section

5.2(a) above are applicable, or the Association Board, in the event the provisions of Section 5.2(b) above are applicable, shall appoint a successor of such member for a period of three years.

Section 5.3 Procedure and Meetings. The DRB shall elect a chairman and he or she, or in his or her absence, the vice chairman, shall be the presiding officer at all meetings of the DRB. The DRB will meet as necessary as well as upon call of the chairman or vice chairman, and all such meetings shall be held at such places as may be designated by the chairman or vice chairman. A majority of the total number of members of the DRB shall constitute a quorum of the DRB for the transaction of business and the affirmative vote of a majority of those present in person or by proxy at a meeting of the DRB shall constitute the action of the DRB on any matter that comes before it. The DRB is authorized to retain the services of consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys in order to advise and assist the DRB in performing its functions set forth herein. Each member of the DRB may be paid a stipend or honorarium as may from time to time be determined by the Developer, if the provisions of Section 5.2(a) above are applicable, or the Association Board, if the provisions of Section 5.2(b) above are applicable, and shall otherwise be entitled to a reimbursement of expenses incurred on behalf of the DRB, subject to the approval of such expenses by the Developer, if the provisions of Section 5.2(a) above are applicable, or the Association Board, if the provisions of Section 5.2(b) above are applicable. The DRB shall have the right from time to time to adopt and establish such rules and regulations as may be determined to be necessary concerning the procedure, notice of meetings and all other matters concerning the conduct of the business of the DRB.

Section 5.4 Design Code. The DRB is hereby authorized to promulgate and amend or modify from time to time a written Design Code governing policies, guidelines and minimum requirements to be satisfied with respect to the site preparation, construction, location, landscaping and design of all Dwellings, Commercial Buildings, Apartment Buildings, Condominium Units and other Improvements on any Lot or Common Areas of the Association, as well as additions, repairs, renovations or changes that may from time to time be made to such dwellings, improvements or Common Areas, the content and manner in which plans and specifications and other documentation and information concerning the construction of any Dwellings, Commercial Buildings, Apartment Buildings, Condominium Units or other Improvements on a Lot or Common Areas are to be submitted to and approved by the DRB, and any other matters affecting the construction, repair or maintenance of any Dwelling, Commercial Building, Apartment Building, Condominium Unit or other Improvements on any Lot. The Design Code adopted by the DRB shall be in addition to the provisions and requirements set forth in these Covenants and shall be binding upon and enforceable against all Owners. ALL OTHER PROVISIONS NOTWITHSTANDING, NEITHER THE DESIGN CODE NOR ITS ENFORCEMENT PROVISIONS SHALL APPLY TO ANY CONDOMINIUM, THE DESIGN, CONSTRUCTION, AND

MAINTENANCE OF THE CONDOMINIUM, BEING CONTROLLED BY THE CONDOMINIUM DOCUMENTS.

Section 5.5 Approval of Plans and Specifications.

(a) TO PRESERVE THE ARCHITECTURAL AND AESTHETIC APPEARANCE AND THE NATURAL SETTING AND BEAUTY OF THE DEVELOPMENT (EXCEPT THE CONDOMINIUM), TO ESTABLISH AND PRESERVE A HARMONIOUS DESIGN FOR THE DEVELOPMENT AND TO PROTECT AND PROMOTE THE VALUE OF THE DEVELOPMENT, THE PROPERTY, THE LOTS, THE DWELLINGS, THE APARTMENTS, THE COMMERCIAL BUILDINGS, THE COMMON AREAS AND ALL IMPROVEMENTS THEREON, NO IMPROVEMENTS OF ANY NATURE SHALL BE COMMENCED, ERECTED, INSTALLED, PLACED, MOVED ONTO, ALTERED, REPLACED, RELOCATED, PERMITTED TO REMAIN ON OR MAINTAINED ON ANY RESIDENTIAL LOT, COMMERCIAL LOT, APARTMENT LOT OR COMMON AREA BY ANY OWNER, OTHER THAN DEVELOPER, THAT AFFECT ITS EXTERIOR APPEARANCE UNLESS PLANS AND SPECIFICATIONS THEREFOR HAVE BEEN SUBMITTED TO AND APPROVED BY THE DRB IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5.5(b) BELOW. WITHOUT LIMITING THE FOREGOING, THE CONSTRUCTION AND INSTALLATION OF ANY DWELLINGS, COMMERCIAL OR APARTMENT BUILDINGS, SIDEWALKS, DRIVES, PARKING LOTS, MAILBOXES, DECKS, PATIOS, COURTYARDS, SWIMMING POOLS, TENNIS COURTS, GREENHOUSES, PLAYHOUSES, AWNINGS, WALLS, FENCES, EXTERIOR LIGHTS, IRRIGATION SYSTEMS, SATELLITE DISHES, RADIO OR TELEVISION ANTENNAS, GAZEBOS, GUEST OR SERVANT QUARTERS, GARAGES OR ANY OTHER OUTBUILDINGS, SHALL NOT BE UNDERTAKEN, NOR SHALL ANY EXTERIOR ADDITION OR CHANGE OR ALTERATION BE MADE (INCLUDING WITHOUT LIMITATION, PAINTING OR STAINING OF ANY EXTERIOR SURFACE) TO ANY DWELLING, RESIDENTIAL LOT, APARTMENT BUILDING, COMMERCIAL BUILDING OR COMMON AREA UNLESS THE PLANS AND SPECIFICATIONS FOR THE SAME HAVE BEEN SUBMITTED TO AND APPROVED BY THE DRB IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5.5(b) BELOW.

(b) The DRB is hereby authorized and empowered to approve all plans and specifications and the construction of all Dwellings, Apartments, Commercial Buildings, and other Improvements on any part of the Property including Common Areas. Prior to the commencement of any Dwelling, Apartment, Commercial Buildings or other Improvements on any Lot, Dwelling, Apartments, Commercial Buildings, Unit or Common Area, the Owner thereof (including the Association for Common Areas) shall submit an application to the

DRB requesting the DRB to review plans and specification and related data for all such Improvements, as more particularly provided in the Design Code.

(c) The DRB shall, in its sole discretion, determine whether the plans and specifications and other data submitted by any Owner for approval are acceptable. One copy of all plans, specifications and related data so submitted to the DRB shall be retained in the records of the DRB and the other copy shall be returned to the Owner submitting the same marked "approved", "approved as noted" or "disapproved". The DRB shall establish a fee to be charged to and paid by each Owner (except the Association) who submits plans and specifications to the DRB for approval, which fee shall be sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors and/or attorneys retained to approve such plans and specifications and to monitor and otherwise enforce the terms hereof. Notwithstanding anything provided herein to the contrary, an Owner may make interior improvements and alterations within his Dwelling, Apartment, Condominium Unit or Commercial Building that do not affect exterior appearance and without the necessity or requirement that DRB approval or consent be obtained.

(d) The DRB shall have the right to disapprove any plans and specifications upon any ground that is consistent with the objectives and purposes of these Covenants, including purely aesthetic considerations, any failure to comply with any of the provisions of these Covenants or the Design Code, failure to provide requested information, objection to exterior design, appearance or materials, objection on the ground of incompatibility of any such proposed improvement with the scheme of development proposed for the Development or the Property, objection to the location of any proposed Improvements on any such Lot, objection to the landscaping plan for such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Common Area, objection to the color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any Improvement or any other matter that, in the sole judgment of the DRB, would render the proposed Improvement inharmonious with the general plan of development contemplated for the Development. The DRB shall have the right to approve any submitted plans and specifications with conditions or stipulations with which the Owner of such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Common Area shall be obligated to comply and which must be incorporated into the plans and specifications. Approval of plans and specifications by the DRB for Improvements to one particular Residential Lot, Apartment Lot, Commercial Lot or Common Area shall not be deemed an approval or otherwise obligate the DRB to approve similar plans and specifications or any of the features or elements for the Improvements for any other Residential Lot, Apartment Lot, Commercial Lot or Common Area within the Development.

(e) If the DRB fails to approve, or approve as noted, in writing any such proposed plans and specifications within sixty days after such plans and specifications have been submitted, then the plans and specifications so submitted will be deemed to have been disapproved.

(f) Any revisions, modifications or changes in any plans and specifications previously approved by the DRB must be approved by the DRB in the same manner specified above.

(g) If construction of the Dwelling, Apartment, Commercial Building or the Improvements has not substantially commenced (by clearing and grading, pouring of footings and otherwise commencing framing and other related construction work) within six months of approval by the DRB of the plans and specifications for such Dwelling, Apartment, Commercial Building or other Improvements, then no construction may be commenced (or continued) on such Residential Lot, Apartment Lot, Commercial Lot or Common Area, and the Owner of such Residential Lot, Apartment Lot, Commercial Lot or Common Area shall be required to resubmit all plans and specifications for any Dwelling, Apartment, Commercial Building or other Improvements to the DRB for approval in the same manner specified above.

Section 5.6 Landscaping Approval. In order to preserve, to the extent practicable, the natural landscaping and plant life currently situated on the Property and to enhance the aesthetic appearance of the Property, no landscaping (including the removal or planting of trees, lawns or shrubbery), grading, excavation or fill work of any nature shall be implemented or installed by any Owner, other than Developer, on any Residential Lot, Condominium Lot, Apartment Lot or Commercial Lot unless and until landscaping plans therefor have been submitted to and approved by the DRB. The provisions of Section 5.5 above regarding the method of submitting such plans to the DRB, the time for approval or disapproval of the same and the method of approving modifications or changes thereto shall be applicable to such landscaping plans.

Section 5.7 Construction Without Approval. If (a) any Improvements are initiated, installed, maintained, altered, replaced or relocated on any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, Commercial Lot without DRB approval of the plans and specifications for the same or (b) the DRB shall determine that any approved plans and specifications for any Improvements or the approved landscaping plans for any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot are not being complied with, then, in either event, the Owner of such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot shall be deemed to have violated these Covenants and the DRB shall have the right to exercise any of the rights and remedies set forth in Section 5.13 below.

Section 5.8 Inspection. The DRB or any agent, employee or representative thereof may at any reasonable time and from time to time enter upon and inspect any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or Common Area or any Improvements being constructed thereon in order to determine whether the approved plans and specifications therefor are being complied with. Any such entry shall not be deemed to be a trespass or any other wrongful act by the DRB.

Section 5.9 Limitation of Liability. Notwithstanding anything provided herein to the contrary, neither Developer, the Association, the DRB, nor any agent, employee, representative, member, shareholder, partner, joint venturer, officer or director thereof, shall have any liability of any nature whatsoever for any damage, loss or prejudice suffered, claimed, paid or incurred by any Owner on account of (a) any defects in any plans and specifications submitted, reviewed or approved in accordance with the provisions of this Article 5, (b) any defects, structural or otherwise, in any work done according to such plans and specifications, (c) the failure of any plans, specifications or construction to comply with the applicable federal, state or local laws and regulations including building codes and environmental requirements, (d) the failure to approve or the disapproval of any plans, drawings, specifications or other data submitted by any Owner for approval pursuant to the provisions of this Article 5 (e) the construction or performance of any work related to such plans, drawings and specifications, (f) bodily injuries (including death) to any Owner, Occupant or the respective family members, guests, employees, servants, agents, invitees or licensees of any such Owner or Occupant, or any damage to any Dwellings, Apartments, Commercial Buildings or Improvements or the personal Property of any Owner or Occupant, or the respective family members, guests, employees, servants, agents, invitees or licensees of such Owner or Occupant, that may be caused by, or arise as a result of any defect, structural or otherwise, in any Dwellings, Apartments, Commercial Buildings or Improvements or the plans and specifications therefor or any past, present or future soil or subsurface conditions, known or unknown (including, without limitation, geological formations or conditions on or under any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot), and (g) any other loss, claim, damage, liability or expense, including court costs and attorneys' fees, suffered, paid or incurred by any Owner arising out of or in connection with the use and occupancy of any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or any Improvements situated thereon.

Section 5.10 Commencement and Completion of Construction. Upon commencement of clearing of any Lot, construction of any Dwelling, Apartment or Commercial Building, construction work thereon shall be prosecuted diligently and continuously and shall be completed within one year of the commencement date of said construction, such completion to be evidenced by a Certificate of Occupancy issued by the appropriate Governmental Authorities and a Certificate of Conformity to be issued by the

DRB. The failure to complete in accordance with this requirement, will result in the right of Developer to repurchase a residential lot pursuant to Section 3.11 herein.

Section 5.11 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in these Covenants to the contrary, Developer, its agents, employees, successors and assigns, shall have the right and option to maintain such facilities and carry on such activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of Residential Lots, Condominium Lots, Apartment Lots, Commercial Lots, or the development of Residential Lots, Condominium Lots, Apartment Lots, Commercial Lots or Common Areas and the Additional Property, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model Dwellings, all as may be approved by Developer from time to time; provided, however, that the location of any construction trailers of any assignees of Developer's rights under this Section 5.13 shall be subject to Developer's approval. The right to maintain and carry on such facilities and activities shall include, without limitation, the right to use Dwellings as model residences and as offices for the sale of Residential Lots, Condominium Lots, Apartment Lots, Commercial Lots for any related activities.

Section 5.12 Enforcement and Remedies. If any of the provisions of this Article 5 are breached or are not otherwise being complied with in all respects by any Owner or Occupant or the respective family members, guest, invitees, agents, employees or contractors of any Owner or Occupant, then the DRB and the Association shall each have the right, but not the obligation, at their option to (a) enjoin any further Construction on any Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot and require the removal or correction of any work in place that does not comply with the plans and specifications approved by the DRB for such Improvements and/or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot and take all action necessary to extinguish such violation or breach and to minimize or remediate erosion caused by such violation or breach, including, but not limited to delays in construction or inadequate erosion control procedures. All costs and expenses incurred by the DRB or the Association in enforcing any of the provisions of this Article 5, including, without limitation, attorneys' fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of nonconforming work, the completion of uncompleted work or in any judicial proceeding, together with any other costs or expenses incurred by the DRB or the Association in causing any Owner or such Owner's contractors, agents or invitees to comply with the terms and provisions of this Article 5, shall be paid by such Owner, shall constitute an individual Assessment to such Owner pursuant to Section 8.6 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 8.10 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the right and remedies of the DRB and the

Association set forth herein shall not be deemed exclusive of any other rights and remedies that the DRB or the Association may exercise at law or in equity or any of the enforcement rights specified in Section 7.35 and Article 12 hereafter.

Section 5.13 Compliance Certification. The DRB or any authorized representative thereof shall, upon request and at such reasonable charges as may from time to time be adopted by the Board, furnish to an Owner a certificate in writing setting forth whether all necessary DRB approvals have been obtained and whether any Dwelling, Apartment, Commercial Building or Improvement has been constructed in accordance with the provisions of these Covenants. Any such approval shall not be construed in any respect as a representation or warranty of the DRB or Developer or the Association that all applicable rules, regulations and requirements of all Governmental Authorities with respect to any such Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot have been fulfilled.

ARTICLE 6

LIVE OAK VILLAGE PHASE LANDOWNERS ASSOCIATIONS

Section 6.1 Phase Associations. The Developer will cause to be formed associations of the owners of lots in any phase, where such phase provides for limited common areas to be owned, maintained, and used by owners, their lessees, guests and invitees, of lots within such phase. Developer is causing to be formed an association of the owners of lots in Phase I, to be known as the Live Oak Village Phase I Landowners Association (the "Phase I Association"). Should Developer submit additional property to these covenants, pursuant to Section 2.2 herein, Developer may, as part of such submission, organize additional Phase Owners Associations to own, improve, manage, maintain and assess any limited common areas in such additional phase. The Developer shall exercise control of any subsequent Phase Owners Association until January 1, 2020, or such sooner date as Developer in its sole discretion may determine to relinquish control.

Section 6.2 Membership. The Owner of each Lot or Dwelling contained in Phase I shall be a member of the Phase I Association. Membership in the Phase I Association shall be appurtenant to and may not be separated from ownership of any Lot or Dwelling in Phase I; provided, however, that (a) Developer shall be deemed a member of the Phase I Association until January 1, 2020, or such earlier date as Developer elects, in Developer's sole discretion, to terminate Developer's membership in the Phase I Association, (b) if any Lot or Dwelling is owned by more than one person, then the Owner of such Lot or Dwelling shall, by written notice to the Board, designate only one representative to serve as a member of the Phase I Association until such time, if at all, as the Mortgagee thereof becomes an Owner by virtue of foreclosure of its Mortgage and title to such encumbered Lot or Dwelling is vested in the Mortgagee pursuant to a duly recorded deed. The transfer or conveyance of

fee title to any Lot or Dwelling (other than by a Mortgage as security for the payment of an obligation), shall automatically include the transfer of all membership rights of such Owner in the Phase I Association with respect to the Lot or Dwelling transferred and conveyed, notwithstanding any failure of the transferor to transfer to his transferee any certificates, assignments or other evidence of such membership. Membership or the rights and benefits in the Phase I Association may not be transferred, assigned, conveyed or otherwise alienated in any manner separately and apart from the ownership of a Lot or Dwelling. Each member of the Phase I Association shall at all times comply with the provisions of these Covenants, the Articles of Incorporation, the Bylaws and all rules and regulations that may from time to time be adopted by the Board or the members of the Phase I Association.

Section 6.3 Board. THE BOARD OF THE PHASE I ASSOCIATION SHALL HAVE THE RIGHTS AND DUTIES SET FORTH IN ITS ARTICLES OF INCORPORATION AND THE BYLAWS. DEVELOPER HEREBY RETAINS AND SHALL HAVE THE RIGHT TO APPOINT OR REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OR MEMBERS OF THE BOARD AND ANY OFFICER OR OFFICERS OF THE PHASE I ASSOCIATION UNTIL JANUARY 1, 2020, OR UNTIL SUCH EARLIER DATE AS DEVELOPER ELECTS, IN DEVELOPER'S SOLE DISCRETION, TO RELINQUISH SUCH RIGHT AND FURTHER TO APPOINT OR DESIGNATE THOSE MEMBERS OF THE BOARD OF DIRECTORS OF THE MASTER ASSOCIATION TO BE ELECTED BY THE BOARD OF THE PHASE I ASSOCIATION. EACH OWNER, BY ACCEPTANCE OF A DEED TO OR OTHER CONVEYANCE OF A LOT OR DWELLING, VESTS IN DEVELOPER SUCH AUTHORITY TO ADD AND REMOVE MEMBERS OF THE BOARD AND OFFICERS OF THE PHASE I ASSOCIATION AND TO DESIGNATE THE MEMBERS OF THE BOARD OF DIRECTORS OF THE MASTER ASSOCIATION TO BE ELECTED BY THE BOARD OF THE PHASE I ASSOCIATION UNTIL JANUARY 1, 2020 OR SUCH EARLIER DATE AS DEVELOPER, IN ITS SOLE DISCRETION, SO ELECTS.

Section 6.4 Voting Rights. Subject to the rights reserved to Developer in the Articles of Incorporation and Bylaws of the Phase I Association (which, among other things, provide that only Developer, until January 1, 2020, or until such earlier date as Developer may elect, in Developer's sole discretion, shall be exclusively entitled to take various actions and vote on all matters to be voted on by the members of the Phase Association) and the rights of the Master Association or the Phase I Association, as the case may be, to suspend any Owner's voting rights or privileges in the Phase Association pursuant to Section 12.1 below, the Owner of each Lot or Dwelling shall be entitled to one vote in any matters submitted to the members of the Phase I Association for approval. No Owner, whether one or more persons, shall have more than one membership and one vote per Lot or Dwelling. Each Owner, by acceptance of a deed or other conveyance to a Lot or Dwelling, consents and agrees to the dilution of his or her voting interest in the Phase I Association by virtue of the

resubdivision of any Lot by Developer pursuant to Section 2.6 above. In no event, whether as a result of there being multiple ownership interests in any Lot or Dwelling or otherwise, shall more than one vote be allowed for any one Lot or Dwelling. Fractional voting shall not be permitted. For purposes of this Section 6.4, Developer shall be deemed to be the Owner of and shall be entitled to all voting rights attributable to any Lots or Dwellings owned by Developer.

Section 6.5 Duties and Powers of Phase I Association. The Phase I Association may own, improve, maintain, and make assessments pertaining to any limited common area that may be deeded, leased, or otherwise subjected to the control of the Phase I Association by the Developer. In addition to the rights, duties, responsibilities and obligations of the Phase I Association otherwise set forth in these Covenants, the Phase I Association shall have the power to perform or cause to be performed any of the duties and powers set forth in the Articles of Incorporation and the Bylaws. The Phase I Association may exercise any other right or privilege granted to it expressly by the Master Association Board, these Covenants or by law, together with every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided to the contrary herein, in the Articles of Incorporation or in the Bylaws, the powers and authority granted to the Phase I Association may be exercised by the Board, acting through the officers of the Phase I Association, without further consent or action on the part of the Owners. Nothing herein shall be construed as a restriction of the rights, duties, responsibilities and obligations of the Phase I Association set forth in the Articles of Incorporation or the Bylaws.

Section 6.6 Agreements. Subject to the conditions, restrictions and other provisions of these Covenants, all agreements, actions and determinations lawfully authorized by the Board with respect to the Property shall be binding upon all Owners, their heirs, executors, personal representatives, administrators, successors and assigns and all others having any interest in the Property. In performing its responsibilities hereunder, the Phase I Association, through the Board, shall have the right and authority to delegate to persons of its choice such duties of the Phase I Association hereunder as may be determined by the Board. In furtherance of the foregoing and not in limitation thereof, the Phase I Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Phase I Association shall deem necessary or desirable for the proper operation of any portion of the Property, whether such personnel are furnished or employed directly by the Phase I Association or by independent contract with the Phase I Association. During the term of any such management agreement entered into by the Phase I Association with a third Party, such manager may, if authorized by the Board, exercise all the powers and shall be responsible for the performance of all of the duties of the Phase I Association hereunder, excepting any of such powers or duties specifically and exclusively reserved to the Board or the officers of the Phase I

Association by these Covenants, the Articles of Incorporation or the Bylaws. Such manager may be an individual, corporation or other legal entity and may be bonded in such manner as the Board may require, with the costs of such bond to be a Common Expense. In addition to the foregoing, the Phase I Association may pay for and the Board may hire and contract for such legal and accounting services as are necessary or desirable in connection with the operation of the Property, or the enforcement of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Phase I Association.

Section 6.7 Management by Developer or its Affiliates. In addition to the rights and authority granted to the Phase I Association in Section 6.5, Developer or any affiliate thereof may, but shall not be obligated to, be employed as the manager of the Phase I Association and the Property, until January 1, 2020, or until such earlier date as Developer elects, in Developer's sole discretion, to relinquish such right, at such compensation and on such terms as would be usual, customary and obtainable in an arms-length transaction with any third party providing comparable services for any real estate development in the southeastern United States of the size, quality and nature of the Property. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling, shall be deemed to ratify the provisions of this Section 6.7 and shall specifically be deemed to have approved any management agreement entered into by the Phase I Association and Developer or any affiliate thereof.

Section 6.8 Rules and Regulations. Subject to the prior written approval of the Master Association Board, which may be withheld in the sole discretion of the Master Association Board, the Board may establish and enforce reasonable rules and regulations governing the use of all Common Areas owned or managed by the Phase I Association. Each such rule and regulation shall be binding upon all Owners and Occupants until and unless any such rule or regulation is specifically overruled, canceled or modified by the Board or by the majority vote of the total votes of the Phase I Association at any regular or special meeting of the Phase I Association; provided, however, that no such rule or regulation may be overruled, canceled or modified unless such action is also approved by Developer until January 1, 2020, or such earlier date as Developer elects in Developer's sole discretion, to relinquish such right.

Section 6.9 Indemnification. The Phase I Association shall and does hereby indemnify, defend and agree to hold each and every officer, agent, representative and member of the Board harmless from and against any and all expenses, including court costs and reasonable attorney's fees, suffered, paid or incurred with any action, suit or other proceedings (including the settlement of any suit or proceedings if approved by the Board) to which such person may be made a party by reason of being or having been an officer, agent, representative or member of the Board. The officers, agents, representatives and members of the Board shall not be liable for any mistake in judgement, negligence or

otherwise except for their own willful misconduct or reckless disregard of duty, as finally determined by a court of competent jurisdiction. The officers, agents, representatives and members of the Board shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Phase I Association and the Phase I Association shall and does hereby indemnify, defend and agree to forever hold each such officer, agent, representative and member of the Board harmless from any and all liability to others on account of any such contract or commitment. The indemnification, obligations and rights provided for herein shall not be exclusive of any other rights to which any officer, agent, representative or member of the Board may be entitled, including anything provided to the contrary contained in the Articles of Incorporation or the Bylaws. The Phase I Association shall (as long as such insurance is available and economically feasible) maintain adequate and general liability and officers' and directors' liability insurance in order to fulfill its obligations under this Section 5.8 and the costs of such insurance shall constitute a Common Expense.

Section 6.10 Assessments by a Phase Association. A Phase I Association or any other Phase Association that may be established from time to time by Developer shall have those rights of assessments, enforcement and insurance powers as to Limited Common Areas granted to the Master Association in Articles IX, X and XII hereafter, or as is granted to such Phase Association by the Certificate of Incorporation or Bylaws of said Phase Association.

ARTICLE 7

USE AND DEVELOPMENT RESTRICTIONS AS TO RESIDENTIAL LOTS

Section 7.1 Use Restrictions. Use Restrictions shall be as provided in individual plats executed by Developer and recorded in the Office of the Judge of Probate of Baldwin County, Alabama. The Plat of Phase I will be for residential use only. It is contemplated that should Developer subject Additional Property to these Covenants, the plats of the Additional Property may contain, in addition to Residential Lots, Apartment Lots, Condominium Lots, Commercial Lots, and Common Areas. As to any Residential Lot, the use of any portion of a Dwelling as an office by an Owner shall not be considered a violation of this covenant provided such use does not create regular customer, client or employee traffic, and further provided any such use is in compliance with all applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof. The leasing or rental of a Dwelling for residential purposes only shall not be considered a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling, and (b) is otherwise in compliance with the rules and regulations promulgated and published from time to time by the Association; provided, however, that Developer shall have the perpetual right to designate from time to time any Dwellings owned by Developer, its successors and assigns, that may be leased for such periods of time as Developer may determine, including daily or

weekly rentals. Notwithstanding anything provided in this Section 6.1 to the contrary, the Property or any portion thereof, including, specifically, any Lots constituting any portion of the Property, may be used and developed for (i) any of the uses included in the definition of Common Areas and (ii) any uses permitted under applicable zoning ordinances affecting the Property; provided, however, that if any portion of the Property is to be developed or used for any purpose other than Common Areas or single-family residential purposes (including duplexes and condominiums), then such use must be approved in writing by the DRB.

Section 7.2 DRB Approval. No Dwellings or other Improvements, including improvements to the Common Areas, of any nature whatsoever shall be constructed on any Lot unless such Improvements have been approved by the DRB in the manner set forth in Article 5 above.

Section 7.3 Underground Utilities. All utility lines, pipes, conduits and wiring for electrical, gas, telephone, water, sewer, cable television, security and any other utility service for any portion of the Property shall be installed and maintained below ground.

Section 7.4 Irrigation Systems. All irrigation systems for Lots must be approved by the DRB in the manner set forth in Article 5 above.

Section 7.5 Building Setbacks.

(a) Subject to the provisions of Section 7.6 below, minimum building setback lines for all Dwellings shall be established either (i) by the DRB, (ii) on the recorded subdivision plat for the subdivision in which such Lot is included (that may vary for each phase of the Development), or (iii) in the deed from Developer to the Owner of such Lot, all in accordance with applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof.

(b) No Dwellings shall be built within the setback areas established in accordance with any of the procedures specified in Section 7.5(a) above.

Section 7.6 Siting of Dwellings. Prior to commencing any construction related activities on any Lot (including any grading or clearing), the location of any Dwelling to be constructed thereon shall be set forth on the site development plan for such Lot that must be approved by the DRB pursuant to the provisions of Section 7.5 above. Notwithstanding anything provided in Section 7.5 above to the contrary, the DRB may require building setback requirements different from those described in Section 7.5, including building setbacks that are greater than those specified in Section 7.5 above.

Section 7.7 Trees. No Owner, other than Developer, shall cut, remove or mutilate any tree, shrub, bush or other vegetation located on any Lot prior to any construction or clearing activity on such Lot, without first obtaining the approval of the DRB; provided, however, that the foregoing shall not be deemed to release any Owner from the provisions of Sections 7.9 and 8.1 below.

Section 7.8 Height Limitations. The height of all Dwellings shall be as established from time to time by the DRB.

Section 7.9 Landscaping. The following landscaping restrictions shall apply to Residential Lots:

(a) The landscaping plan for each Residential Lot shall be submitted to the DRB for approval pursuant to the provisions of Section 5.6 above. Each Owner shall take such steps that would, to the extent practicable, preserve the existing trees on such Lot.

(b) All front, rear and side yards of each Lot shall be a sodded area, unless the same is landscaped with shrubbery and other approved plant life as approved by the DRB.

(c) Subject to weather and seasonal conditions, all landscaping for a Lot shall be completed in accordance with the landscaping plan approved by the DRB no later than sixty days following the first of (i) the issuance of the certificate of occupancy for the dwelling situated thereon; or (ii) occupancy by the owner.

(d) No hedge or shrubbery planting that obstructs sight-lines of streets and roadways shall be placed or permitted to remain on any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, Commercial Lot where such hedge or shrubbery interferes with traffic sight-lines for roadways within the Property. The determination of whether any such obstruction exists shall be made by the DRB, whose determination shall be final, conclusive and binding on all Owners.

(e) No rocks or other substances shall be placed on any Lot as a front, rear or side yard border or for the purpose of preventing vehicles from parking on or pedestrians from walking on any portion of such Lot or to otherwise impede or limit access to the same. No bird baths, fountains, reflectors, flag poles, statues, lawn sculptures, lawn furnishings, artificial plants, rock gardens, rock walls, bird houses or other fixtures and accessories shall be placed or installed within the front, rear or side yards of any Residential Lot without the prior written approval of the DRB.

(f) No vegetable, herb or similar gardens or plants shall be planted or maintained in the front, rear or side yards of any Residential Lot.

(g) The DRB may from time to time promulgate rules and regulations adopting an approved list of plant life that may be utilized on any Residential Lot which rules and regulations may prescribe that a minimum dollar amount be established and utilized as the landscaping budget for each Residential Lot.

(h) No Owner shall allow the lawn grass on his or her Residential Lot to grow to a height in excess of six inches, measured from the surface of the ground. Should the Association contract with Developer or a third party for grass cutting or landscape maintenance, then the lawns or other landscaping shall be as provided in such contract.

(i) Seasonal or holiday decorations (e.g., Christmas trees and lights, pumpkins, Easter decorations) shall be promptly removed from each Residential Lot as soon as such holiday passes.

Section 7.10 Roofing. The following roofing restrictions shall apply to Residential Lots:

(a) The DRB shall have the right to establish specific requirements for the pitch of any roof and the type of roofing materials that may be utilized for any Dwelling.

(b) No solar or other energy collection panel, equipment or device shall be installed or maintained on any Lot or Dwelling unless previously approved by the DRB.

(c) No plumbing or heating vents, stacks and other projections of any nature shall be placed on the roof on the front of a Dwelling. All such vents, stacks and any other projections from the roof of any Dwelling shall be located on the rear roof of such Dwelling and shall (i) be painted the same color as the roofing material used for such Dwelling and (ii) to the extent practicable, not be visible from any street.

Section 7.11 Exterior Lighting. The following exterior lighting restrictions shall apply to Residential Lots: All exterior lighting for Dwellings, including, without limitation, free standing lighting and utility (e.g., flood) lights attached to a Dwelling, must be approved by the DRB.

Section 7.12 Exterior Materials and Finishes. The following exterior materials and finishes restrictions shall apply to all Residential Lots:

(a) Approved exterior building material finishes for any Dwelling shall include brick, stucco, solid wood siding (e.g., cypress or other solid wood), and, to the extent permitted by the DRB, such other materials as may be approved by the DRB. All wood surfaces utilized on the exterior of any Dwelling shall be painted or stained. Prohibited

exterior finish materials shall include particle board, plywood, vinyl or any other type of pressed, laminated or fabricated siding, vertical siding, simulated brick or stone and any other materials as the DRB may from time to time determine.

(b) All brick, stonework and mortar, as to type, size, color and application, must be approved by the DRB. All exterior colors, including, without limitation, the color of all roof shingles, stucco, wood, trim, cornices, eaves, railings, doors and shutter shall be subject to DRB approval.

(c) Steps must be of materials approved in writing by the DRB.

(d) No concrete, concrete block or cinder block shall be used as an exposed building surface; any concrete, concrete block or cinder block utilized in the construction of a Dwelling or for retaining walls and foundations shall be finished in the same materials utilized for the remainder of the Dwelling (e.g., wood, stucco, etc.).

(e) Metal flashing, valleys, vents and gutters installed on a Dwelling shall be painted to blend with the color of the exterior materials to which it is adhered or installed as the DRB, from time to time, may determine.

Section 7.13 Chimneys. The following chimney restrictions shall apply to all Residential Lots: the exterior of all chimneys shall be constructed of stucco or such other materials as the DRB may approve from time to time. If a fireplace utilizes a metal spark arrestor or other metal venting apparatus at the top of the chimney, then a painted metal cowl or surround shall be installed atop the chimney. All metal or other materials placed on top of or around a chimney shall be painted to blend with the color of the roofing material used for such Dwelling as the DRB, from time to time, may determine.

Section 7.14 Garages and Parking. The following garage and parking restrictions shall apply to all Residential Lots:

(a) Garage doors shall be constructed of such materials as are approved by the DRB. Garage doors shall be kept closed at all times except when in use. No garage shall be converted to any use other than for the parking of vehicles therein without the approval of the DRB.

(b) All automobiles or other passenger vehicles owned or used by the Owner or Occupant of any Dwelling and their respective family members shall be parked in garages to the extent garage space is available. Garages shall not be used for storage or for any other purposes or uses that would result in the garage being unavailable for the parking of vehicles therein. Vehicles may be parked on Owner's drive adjacent to such Owner's garage.

(c) Each Lot or Dwelling shall provide for adequate offstreet parking for two full-sized automobiles (i.e., parking areas located solely within the property lines of such Lot or Dwelling). Vehicles shall be parked only in driveways constructed in accordance with the provisions of Section 7.20 hereafter, or in garages constructed in accordance with the provisions of this Section. Vehicles shall not be parked on any landscaped or natural areas of a Lot or Dwelling.

Section 7.15 Fences. The following fence restrictions shall apply to all Residential Lots: no chain link, vinyl coated or wire fences shall be permitted within the Property except with regard to maintenance areas within the Common Areas and those fences erected by Developer. No fences shall be allowed, unless prior written approval for such a fence is obtained from the DRB. Electric fences shall not be permitted. The type of materials utilized for (including the color thereof) the location and construction design of all fences must be approved by the DRB.

Section 7.16 Windows, Window Treatments and Doors. The following window, window treatment and door restrictions shall apply to all Residential Lots:

(a) Reflective glass shall not be permitted on the exterior of any Dwelling. No foil or other reflective materials shall be installed on any windows or used for sunscreens, blinds, shades or other purposes.

(b) The material and design of windows shall be as determined by the DRB. Cantilevered bay windows must be approved in writing by the DRB (and the DRB may require additional landscaping in front of such bay windows). Burglar bars or wrought iron doors shall not be permitted.

(c) All window colors must be approved by the DRB.

Section 7.17 Mailboxes. The following mailbox restrictions shall apply to all Residential Lots: the design, location, height and setback of mailboxes must be approved in writing by the DRB.

Section 7.18 Utility Meters and HVAC Equipment. The following utility meter and HVAC equipment restrictions shall apply to all Residential Lots: the location, landscaping and screening all electrical, gas, telephone and cable television meters, all exterior heating, ventilating and air conditioning compressor units and equipment shall be as required in the Design Code or as otherwise agreed to by the DRB. No window-mounted heating or air conditioning units or window fans shall be permitted.

Section 7.19 Satellite Dishes and Antennae. The following satellite dish and antennae restrictions shall apply to all Residential Lots: no satellite dishes (except for a satellite dish eighteen inches or less in diameter not readily visible from a street fronting any dwelling), radio or television antenna, radio receiver or other similar device or aerial shall be attached to or installed on any Lot or Dwelling or any other portion of the Property unless the same is contained entirely within the interior of a building or other structure or is otherwise approved by the DRB. No radio or television signals or any other form of electromagnetic radiation or transmission shall be permitted to originate from any Lot or Dwelling that may interfere with the reception of radio or television signals within the Development; provided, however, that Developer shall not be prohibited from installing and operating any equipment necessary for master antenna, cable television, security, mobile radio or similar systems within the Property.

Section 7.20 Driveways and Sidewalks. The following driveway and sidewalk restrictions shall apply to all Residential Lots: (a) the location of all driveways and sidewalks must be approved by the DRB; (b) no curb cuts shall be permitted from any Dwelling onto the street or private road fronting such Dwelling; (c) all driveways and sidewalks for each Lot or Dwelling shall be constructed of concrete. Other materials may be used but only if approved by the DRB.

Section 7.21 Outdoor Furniture, Recreational Facilities and Clotheslines. The following outdoor furniture, recreational facility and clothesline restrictions shall apply to all Residential Lots:

(a) No furniture shall be placed, kept, installed, maintained or located in or on the front or side yards or, areas of a Lot or Dwelling without prior approval from the DRB. Any furniture placed, kept, installed, maintained or located at the rear of or behind a Dwelling shall, to the greatest extent practicable, be located that the same shall not be visible from any street or roadway.

(b) No lumber, metals or bulk materials shall be kept or stored or accumulated on a Lot or Dwelling except building materials during the construction of Improvements on a Lot.

(c) Children's toys, swing sets, jungle gyms, trampolines and other outdoor and recreational equipment and appurtenances shall be allowed only at the rear or behind a Dwelling and shall, to the extent practicable, be located so that the same are not visible from any street.

(d) Free-standing playhouses and treehouses shall not be permitted.

(e) Basketball backboards shall be located so as not to be visible from any street and shall otherwise be located on such Lot or Dwelling in a location approved by the DRB.

(f) Outside clotheslines or other outside facilities for drying or airing clothes shall be prohibited on any Lot or Dwelling. No clothing, rugs or other items shall be hung, placed or allowed to remain on any railing, fence or wall.

(g) Barbecue grills or other types of outdoor cooking equipment and apparatus shall be located only at the rear of any Dwelling and, to the extent practicable, shall not be visible from any street or roadways.

(h) Bird feeders, wood carvings, plaques and other types of home crafts shall not be permitted in the front or side yards of any Lot or Dwelling nor shall any of the foregoing items be attached to the front or side of any Dwelling. All bird feeders, wood carvings, plaques and other types of home crafts shall be located only at the rear of a Dwelling and shall not be visible from any street.

Section 7.22 Pets and Animals. The following pet and animal restrictions shall apply to all Residential Lots: no animals, livestock, birds or poultry of any kind shall be kept, raised or bred by any Owner upon any Residential Lot or Dwelling; provided, however, that no more than two domesticated animals, except in the case of any new-born litter of any such animal, may be kept in a Dwelling so long as they are not kept for breeding or commercial purposes. No pet shall be allowed to make an unreasonable amount of noise or become a nuisance. All pets must be housed and maintained within the interior of a Dwelling. No structure or area for the care, housing or confinement of any pet shall be constructed or maintained outside of the interior of a Dwelling. Dogs shall not be allowed out of doors unattended within the Development; all dogs shall be kept and maintained within a Dwelling, as approved by the DRB, or otherwise under leash. Pets shall not be permitted to leave excrement on the Lot or Dwelling of any other Owner or within any street or any portion of the Common Areas and the Owner of such pet shall immediately remove the same. Each Owner shall be liable to the Association, as applicable, for the costs of repairing any damage to its Common Areas caused by the pet of such Owner or Occupant. The Association Board shall have the right from time to time to promulgate rules and regulations governing keeping the pets within the Development, including the right to assess fines for violations of such rules and regulations.

Section 7.23 Trash, Rubbish and Nuisances. The following trash, rubbish and nuisance restrictions shall apply to all Residential Lots:

(a) No trash, garbage, rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Property nor shall any nuisance or odors be

permitted to exist or operate upon or arise from any Lot or Dwelling that would render any portion thereof unsanitary, unsightly, offensive or detrimental to persons using, occupying or owning any other Lots or Dwellings. Noxious or offensive activities shall not be carried on in or from any Lot or Dwelling or in any part of the Common Areas, and each Owner and Occupant shall refrain from any act or use of a Lot or Dwelling that could cause disorderly, unsightly or unkept conditions, result in the cancellation of or increase in insurance coverage or premiums for any portion of the Property or be in violation of any law, statute, ordinance, rule, regulation or requirement of any Governmental Authority. Without limiting the generality of the foregoing, no horns, whistles, bells, speakers or other sound devices, other than reasonable security and fire alarm devices used exclusively for such purposes, shall be located, used or placed upon any Lot or Dwelling; provided, however, that the foregoing shall not apply to the reasonable use of any of the foregoing devices within any recreational areas of the Common Areas. Any Owner or Occupant or any of the respective family members, guests, invitees, servants, agents, employees or contractors of such Owner or Occupant who dumps, places or allows trash or debris to accumulate on his or her Lot, Dwelling, or on any other portion of the Property shall be liable to the Association for all costs incurred by the Association to remove the same. The Board shall have the right from time to time to promulgate rules and regulations governing keeping the disposal of trash, garbage, rubbish or debris within the Development, including the right to assess fines for violations of such rules and regulations.

(b) Trash, garbage and any other refuse or waste shall not be kept on any Lot or Dwelling except in sanitary containers or garbage compactor units. Trash cans and containers shall at all times be kept at the rear of or inside a Dwelling and shall be screened from view from streets and adjacent Lots and Dwellings by appropriate landscaping or fencing approved by the DRB. All such trash cans and containers shall be of a color, size and design approved by the DRB.

(c) Except as otherwise provided in Section 7.28(a) below, no outdoor burning of trash, garbage, leaves, wood, shrubbery or other materials shall be permitted on any Lot or Dwelling or other portion of the property.

(d) Security and fire alarm devices used exclusively for such purposes shall be allowed only if the Owner or Occupant can demonstrate that procedures are in place to shut off such devices within a short amount of time (i.e., 30 minutes or less) whether or not the Owner or Occupant is at the Dwelling.

(e) No Owner or Occupant shall or shall allow their respective agents, employees or invitees to operate lawnmowers, leaf blowers or other such equipment on a Lot or Dwelling on Sundays.

Section 7.24 Recreational Vehicles and Machinery and Equipment. The following recreational vehicle and machinery and equipment restrictions shall apply to all Residential Lots:

(a) Mobile homes, motor homes, trailers of any kind, campers, vans, motorcycles, bicycles, motorized carts and all terrain vehicles, lawnmowers, tractors, tools, construction machinery and equipment of any nature, golf carts, boats and any other type of watercraft, including boat trailers, and any other similar types of vehicles, machinery or equipment shall not be permitted, stored or allowed to remain on any Lot or Dwelling unless the same is placed, stored and maintained within a garage, with roofing and doors, on such Lot or Dwelling. Any such enclosed structure must be approved by the DRB. The Common Areas shall not, unless expressly permitted by the Association, be utilized for the parking or storage of any of the foregoing vehicles, recreational vehicles, machinery or equipment.

(b) Any vehicle that is inoperable shall be immediately removed from the Development. No Owner or Occupant shall repair or restore any vehicle, machinery or equipment of any kind upon or within any Lot or Dwelling or within any portion of the Common Areas, except (i) within enclosed garages or (ii) for emergency repairs and then only to the extent necessary to enable the immediate movement thereof to a proper repair facility located outside of the Property.

(c) Subject to Developer's control, the Board shall have the right at any time and from time to time to adopt rules and regulations with respect to the keeping, storage, parking, operation, use or maintenance of mobile homes, tractors, equipment, machinery, trailers (with or without wheels), motorhomes, trucks (other than pick-up trucks), commercial vehicles of any type, campers, motorized campers or trailers, boats or other watercraft, boat trailers, motorcycles, motorized bicycles, all-terrain vehicles, motorized go carts and other forms of transportation.

Section 7.25 Signage. The following signage restrictions shall apply to all Residential Lots: No signs, graphics or advertising posters of any kind (including, but not limited to, "For Sale" or "For Rent" signs) shall be maintained or permitted within any windows or on the exterior of any Lot or Dwelling or elsewhere on any portion of the Property (including Common Areas) without the express written permission of the DRB and except as permitted by applicable rules, regulations and ordinances of any Governmental Authority having jurisdiction thereof and except signs placed on Lots or Dwellings or elsewhere on the Property by the Developer. The DRB may promulgate rules, regulations and standards for the use and design of any sign or graphics to be posted within the Property, including, but not limited to, name and address signs and the signs referred to in Section 6.28(c). Notwithstanding the foregoing, (a) the restrictions set forth in this Section 6.25 shall not be applicable to Developer or to any signs or graphics erected pursuant to Section 6.28(c)

below, and (b) Developer and the Association shall have the right, but not the obligation (subject to the approval of the DRB), to erect and maintain reasonable and appropriate signs on any portions of the Common Areas and within those easement areas established in Section 3.7 above.

Section 7.26 Tanks and Wells. The following tank and well restrictions shall apply to all Residential Lots: No exposed pumps or underground storage tanks for the storage of fuel, water or any other substances shall be located on any Lot or Dwelling or within any of the Common Areas.

Section 7.27 Temporary Structures. The following temporary structure restrictions shall apply to all Residential Lots: no temporary house, trailer, shack, tent, barn, shed, stable, poultry house or yard, rabbit hut, treehouse or other outbuilding or structure of any kind shall be permitted, constructed, installed or allowed to remain on any Lot or Dwelling; provided, however, that the foregoing shall not be deemed to prohibit (a) temporary structures for social functions as may be permitted by the rules and regulations of the Board of the Association, (b) any detached garages or other structures that are approved in writing by the DRB, (c) construction trailers and sales offices erected or placed on any part of the Property by Developer pursuant to Section 5.11 above.

Section 7.28 Construction of Improvements. The following construction of improvements restrictions shall apply to all Residential Lots:

(a) During the construction of any Improvements or Dwelling, (i) all Lots and Dwellings shall be maintained in a clean condition, free of debris and waste material, (ii) all unused construction materials shall be stored, to the extent practicable, out of view from any street and (iii) all construction trash, debris and rubbish on each Lot shall be placed in a dumpster or other container designed for such purposes and shall be properly disposed of outside the Property at least weekly. In no event, however, shall any used construction materials be buried on or beneath any Lot or Dwelling or any other portion of the Development. No Owner shall allow red clay, dirt, sand, mud, gravel or other substances to collect or remain on any street. Each Owner and each Owner's contractor, subcontractors, laborers and suppliers shall cause all such dirt, sand, mud, gravel and other substances to be removed from the treads and wheels of all vehicles used in or related to the construction of Improvements on a Lot or Dwelling prior to such vehicles traveling on any streets within the Development.

(b) During the construction of any Improvements or Dwellings, construction equipment and the vehicles of all contractors, subcontractors, laborers, materialmen and suppliers shall (i) utilize off-street parking only, (ii) enter the Lot or Dwelling on which such Improvements are being constructed from the driveway for such Lot or Dwelling, and (iii)

not damage trees or other vegetation or sidewalks, curbs or road surfaces, on or adjacent to such Lot that, pursuant to the provisions of Section 7.7 above, are to be preserved.

(c) During the construction of a Dwelling, up to two signs, in size and color to be approved by the DRB, may be posted on a Lot at a height not to exceed four feet from the ground level advertising the Lot or the Dwelling thereon for sale and containing information identifying the builder of such Dwelling. No other signage, banners, flags or advertising posters shall be allowed without obtaining DRB approval. The location of such signage shall be established by the DRB but in no event shall any signage authorized by this Section 6.28 or that may be approved by the DRB be attached, nailed or otherwise adhered to any tree or other plant life on a Lot or Dwelling.

(d) No construction trucks, equipment or machinery, including any trailers used for the transportation of construction equipment or machinery, shall be parked overnight on any streets or roads within the Property. Upon completion of construction of any Improvements or any Dwelling, all construction machinery, tools and equipment, all unused construction materials and all trash, debris and rubbish shall be immediately removed from the Lot or Dwelling and such Lot or Dwelling shall be kept and maintained in a clean and uncluttered condition.

(e) Construction activities shall be allowed on any Lot or Dwelling only during the hours of 7:00 a.m. through 6:00 p.m. (local time) on Monday through Friday and 8:00 a.m. through 3:00 p.m. (local time) on Saturdays, unless prior approval for deviation from those times is obtained from the DRB. No construction activities on Lots or Dwellings shall be allowed on Sundays.

(f) All Dwellings and any other Improvements shall be constructed in compliance with the Design Code; all applicable federal, state, county and local laws, ordinances, rules, regulations; and zoning and building code requirements. Each Owner shall be solely responsible for obtaining from the appropriate Governmental Authorities all necessary permits and licenses and otherwise paying all required fees for the construction of any Improvements on such Owner's Lot. Each Owner shall also be responsible for strict compliance with the Design Code and all applicable watershed protection, soil erosion, endangered species protection and other governmental requirements, both during and after completion of construction of any Improvements on such Owner's Lot.

(g) Any contractor, subcontractor, or materialman participating in the construction of improvements to lots will be liable to the Developer, the Master Association, the Phase I Association or other lot owners applicable for any damage to property or person incurred during the course of such construction.

Section 7.29 Subdivision and Interval Ownership. The following subdivision and interval ownership restrictions shall apply to all Residential Lots: no Lot may be subdivided or resubdivided without the prior written approval of the DRB; provided, however, that the provisions of this Section 6.29 shall not be applicable to Developer. No Lot or Dwelling shall be sold or owned under any timesharing, time interval or similar right-to-use programs.

Section 7.30 Swimming Pools and Tennis Courts. The following swimming pool and tennis court restrictions shall apply to all Residential Lots: swimming pools, outdoor hot tubs and whirlpools may be constructed, installed and maintained on Lot or Dwelling subject to the prior written approval of the plans for the same by the DRB and the restrictions contained herein. The DRB shall have the right to adopt further rules and regulations governing the construction of swimming pools and other outdoor water features or amenities within the Property, including the prohibition of same.

Section 7.31 Traffic Regulations. The following traffic regulation restrictions shall apply to all Residential Lots:

(a) All vehicular traffic on the private streets and roads in the Development shall be subject to the applicable provisions of the laws of the State of Alabama and any other city or county having jurisdiction thereof concerning operation of motor vehicles on public streets. The Association is hereby authorized to promulgate, administer, and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including adopting reasonable safety measures and speed limits for any of the private roads within any portion of the Development. The Association shall be entitled to enforce such rules and regulations by establishing such enforcement procedures as it deems appropriate, including levying fines for the violation thereof. In the event of any conflict between the provisions of the laws of the State of Alabama and the traffic rules and regulations promulgated by the Association, the more restrictive shall govern. All private streets and roads in the Development are also subject to all rights of Developer to upgrade and improve any intersection, street or highway, as set forth in Section 3.1(b) above.

(b) Operation of Motor Vehicles. Only drivers licensed to operate motor vehicles by the State of Alabama or by any other state in the United States may operate any type of motor vehicle within the Development. All vehicles of any kind and nature that are operated on the streets in the Development shall be operated in a careful, prudent, safe and quiet manner, and with due consideration for the rights of all residents of the Development.

Section 7.32 Compliance with Governmental Regulations. The following governmental regulations restrictions shall apply to all Residential Lots: each Owner and Occupant shall at all times comply with all applicable laws, ordinances, statutes, rules, regulations, requirements and code provisions of the Governmental Authorities.

Section 7.33 Additional Regulations. The following additional regulation requirements shall apply to all Residential Lots: in addition to the restrictions set forth in these Covenants, the (i) DRB shall have the right, in its sole discretion, from time to time and at any time to adopt, modify and amend the Design Code to impose other, further or different requirements or restrictions, which requirements or restrictions shall be binding on all Owners, Lots and Dwellings, including the adoption of additional or more specific requirements and restrictions governing the improvement and use of any Lot or Dwelling and (ii) the Association shall have the right from time to time and at any time to adopt, modify and amend such rules and regulations as the Association, in its sole discretion, determines to be in the best interests of all Owners, which rules and regulations shall be binding on all Owners, Lots and Dwellings from the date of such amendment.

Section 7.34 Variances. The following variance restrictions shall apply to all Residential Lots: the DRB, in its sole and absolute discretion, shall have the exclusive right to grant variances and exceptions with respect to the provisions of Article 6 above and this Article 7 with respect to any Lot or Dwelling. Any request for a variance or exception submitted to the DRB shall be in writing and, upon approval of the same by the DRB, shall be evidenced by a written document executed by either the chairman or vice chairman of the DRB. The provisions of Section 6.3 above concerning meetings, a quorum of members and the number of votes necessary to approve action taken by the DRB shall be binding upon the DRB in any matters regarding the granting of variances.

Section 7.35 Enforcement and Remedies. The following enforcement and remedy restrictions shall apply to all Residential Lots: if any of the provisions of this Article 6 are breached or are not otherwise being complied with in all aspects by any Owner or Occupant or the respective family members, guests, invitees, agents, employees or contractors of any Owner or Occupant, then the Association or the DRB shall each have the right, but not the obligation, at its option, to (a) enjoin such violation or noncompliance or (b) through their designated agents, employees, representatives and independent contractors, enter upon such Lot or Dwelling and take all action necessary to extinguish or correct such violation or breach. All costs and expenses incurred by the DRB or the Association in enforcing any of the provisions of this Article 6, including, without limitation, attorney's fees, court costs, costs and expenses of witnesses, engineers, architects, designers, land planners and any other persons involved in the correction of any noncompliance or the removal of such violation or in any judicial proceeding, together with any other costs or expenses incurred by the DRB or the Association in connection therewith, shall be paid by such Owner who has violated or breached any of the provisions of this Article 6, shall constitute an individual Assessment to such Owner pursuant to Section 9.6 below and, if the same is not paid when due, shall be subject to the lien provided for in Section 9.9 below and be subject to foreclosure as provided for therein. Notwithstanding anything provided herein to the contrary, the rights and remedies of the DRB and the Association set forth herein shall not be deemed exclusive of

any other rights and remedies that the DRB or the Association may exercise at law or in equity or any of the enforcement rights specified in Section 7.35 and Article 12 hereafter. The Association or the DRB, at their option and in their discretion, may delegate to the Association any of their respective enforcement rights set forth in these Covenants.

Section 7.36 Provisions Regarding Condominium. EXCEPT FOR THOSE CERTAIN DESIGN AND APPEARANCE REVIEW PROVISIONS CONTAINED IN SECTION 6.10, ALL OTHER PROVISIONS NOTWITHSTANDING, THE USE AND DEVELOPMENT RESTRICTIONS SHALL NOT APPLY TO ANY CONDOMINIUM THAT MAY BE CONSTRUCTED ON ADDITIONAL PROPERTY, THE SAME BEING CONTROLLED BY THE CONDOMINIUM DOCUMENTS.

Section 7.37. Development Restrictions as to Apartments Lots and Commercial Lots. No improvements shall be made to any Apartment Lot or Commercial Lot unless a Development Plan for such improvement shall have been submitted to the DRB by the owner or developer of such lot, and approved by the DRB in the manner set forth in Article 6 above. The Development Plan for such Commercial Lot or Apartment Lot shall include the following:

- (a) The legal description of the Commercial or Apartment Lot.
- (b) A vicinity sketch.
- (c) North arrow.
- (d) The scale and date.
- (e) A site plan drawn to scale, showing all property lines including proposed property lines.
- (f) The name of engineering firm that has prepared the Development Plan.
- (g) Show all existing structures, buildings, sheds, signs and fences.
- (h) Show all proposed structures including location of identification signs.
- (i) Show setback dimensions from all property lines.
- (j) Show all existing and proposed easement, public and private.
- (k) Show all existing and proposed water and sewer lines, including meter and manhole locations.
- (l) Show existing and proposed fire hydrants in the immediate area with distance to building by way of vehicle access.
- (m) Show existing or proposed driveway access to public or private streets, including width of drive and curb radius and curb cuts into public or private streets.
- (n) Show proposed surface material for parking and driveways.
- (o) Show overall street system surrounding the project. This includes existing curb cuts across the street from the proposed development.
- (p) Show location of dumpster pad or refuse collection area and proposed screening.

- (q) Show existing and proposed parking including handicap spaces and handicap access to building.
- (r) Indicate on site minimum floor elevation and height of the proposed building.
- (s) Show drainage plan.
- (t) Show coverage, that is, square footage of lot size and ground floor square footage of proposed building.

Except as to submission and approval of the Development Plan for an Apartment Lot or Commercial Lot, no other provisions of this Article 7 shall apply to Commercial or Apartment Lots.

Section 7.38 Approval of Builders and Contractors by Developer. It is understood that Developer has a proper interest in requiring that all builders and contractors, constructing Dwellings and performing other work on the Property possess high qualifications and experience. To that end, until January 1, 2020, or such sooner date as Developer may, in its sole discretion, determine no site work, construction of Dwellings or other improvements (the "Work") may be made on any Residential Lot until Developer has approved in writing the builder or contractor that intends to perform the Work.

Section 7.39 Additional Restrictions as to Phase I. The 34 lots included in the Plat of Live Oak Village Phase One, as the same is recorded in the Office of the Judge of Probate of Baldwin County, Alabama, on Slides 1831 A and 1831 B, shall be subject to the following additional restrictions:

(a) All lots in Phase I shall be known and described as Residential Lots and shall be used for residential purposes only. All new construction and/or modifications to existing construction must be approved by the Design Review Board pursuant to these restrictions.

(b) No residence shall be erected or allowed to occupy a lot or lots unless the main structure is adjacent to or attached to a garage accommodating a minimum of two full sized automobiles and unless the main structure, exclusive of open porches and garages, is not less than the minimum square footage required as follows: (i) a one story dwelling must have 1620 square feet under roof, of which not less than 1500 square feet shall be heated and air conditioned; (ii) a one and one-half story dwelling must have a minimum square footage of 1920 square feet under roof, of which not less than 1800 square feet shall be heated and air conditioned (the minimum square footage of the ground floor is 1400 square feet and the second floor is 400 square feet); and (iii) a two story dwelling must have a minimum square footage of 2120 square feet under roof, of which 2000 square feet will be heated and cooled (the minimum square footage of the first floor shall be 1200 square feet and the minimum square footage of the second floor shall be 800 square feet).

(c) **Building Location.** No dwelling shall be located on any lot nearer to the front lot line or the side street line than that set out in these restrictions and approved by the DRB.

(d) Commencement and Completion of Construction. All owners of lots in Phase I shall commence construction of a residence on a lot purchased within one (1) year of conveyance of the lot by Developer to such owner, said construction to be in compliance with all restrictions and requirements contained elsewhere. Once an owner has commenced construction of a residence, he shall diligently pursue same until completion and shall complete same and secure a Certificate of Occupancy from the City of Foley within one (1) year of such commencement. Each owner will notify the Developer and the Master Association of the date of commencement and completion of all residential improvements on such owner's lot.

(e) Developer's Right of Repurchase. Should any owner of a lot not commence construction of a residence on a lot within twelve (12) months of purchase of same from Developer, then, in accordance with the requirements of these restrictions and applicable requirements of the City of Foley, Developer shall have the right to repurchase such lot from such owner for the actual amount paid to Developer for said lot exclusive of interest.

ARTICLE 8

MAINTENANCE RESPONSIBILITIES

Section 8.1 Responsibilities of Owners of Residential Lots and Common Areas.

(a) Unless specifically identified herein as being the responsibility of the Association, the maintenance and repair of all Residential Lots and all other Improvements situated thereon or therein and all landscaping on or within a Residential Lot shall be the responsibility of the Owner of such Residential Lot. Each Owner shall be responsible for maintaining his, her or its Residential Lot in a neat, clean and sanitary condition, both inside and outside of any Dwellings or Improvements thereto. Such responsibilities shall include, without limitation, maintaining at all times appropriate paint and stain finishes on all Dwellings and other Improvements and reroofing or replacing roofing shingles when the same become worn or would be replaced by a prudent Owner. No exterior changes, alterations or Improvements shall be made to any Residential Lot without first obtaining the prior written approval of the same from the DRB.

(b) Each Residential Lot shall be landscaped in accordance with plans and specifications submitted to and approved by the DRB pursuant to Section 6.6 above. All areas of any Residential Lot that are not improved by the construction of a Dwelling thereon shall at all times be maintained by the Owner in a fully and well-kept landscaped condition utilizing ground cover, shrubbery and trees, as appropriate. The maintenance obligations set forth in this Section 8.1(b) shall apply to all portions of a Residential Lot up to the edge of the pavement of any roadway abutting such Residential Lot and shall be applicable at all

times, whether before, during or after the construction of any Improvements thereon. Grass, hedges, shrubs, vines and any other vegetation of any type on any Residential Lot shall be cut and trimmed at regular intervals at all times to maintain the same in a neat, safe and attractive condition. Dead and diseased trees, shrubs, vines, plants and other vegetation shall be promptly removed and replaced with healthy, living plants of like kind and quantity. Dead vegetation, stumps, weeds, rubbish, debris, garbage and waste material shall be promptly removed from any Residential Lot and properly disposed of outside of the Development. The maintenance obligations will be carried out by the Master Association through maintenance contracts with contractors selected by the Association including affiliates of Developer. The cost of lawn and landscaping maintenance shall be included in the Association budget.

(c) No Owner shall (i) modify, change or otherwise alter the appearance of any portion of the exterior of a Residential Lot or the landscaping, grounds or other Improvements within a Residential Lot unless such modification, change or alteration is first approved, in writing, by the DRB as provided in Sections 5.5 and 5.6 above or (ii) do any work that, in the reasonable opinion of the DRB, would jeopardize the soundness and safety of the Development or the Property, reduce the value thereof or impair any easement or hereditament thereto, without in every such case obtaining the prior written approval of the DRB.

Section 8.2 Responsibilities of Association.

(a) Except as may be otherwise provided herein to the contrary, the Association, as applicable, shall be responsible for maintaining and keeping in good repair and condition all portions of its Common Areas, which responsibility shall include the maintenance, repair, upgrade, improvement and replacement of (i) all private streets and roads within the Development (including any upgrade or improvements of any streets, roads or intersections that may be undertaken by Developer pursuant to Section 3.1(b) above), walks, trails, paths, boardwalks, walkways, bicycle and jogging paths and lanes, parking lots, street lights, landscaped areas, recreational areas and other improvements made by Developer, the Association within any of its Common Areas or within any of the easements encumbering the Residential Lots, Condominium Lots, Apartment Lots, or Commercial Lots as provided in Sections 3.5 through 3.10 inclusive, above, (ii) such limited access systems and facilities, entrance gates and utility lines, pipes, plumbing, wires, conduits and related systems, sanitary sewage disposal system installed by Developer, in Developer's sole discretion, appurtenances, equipment and machinery that are a part of the Common Areas and that are not maintained by a public authority, public service district, public or private utility, or other person (iii) all lawns, trees, shrubs, hedges, grass and other landscaping and all lakes and ponds situated within or upon the Common Areas. The Association shall not be liable for injuries or damage to any person or property (1) caused by the elements, acts of God or any

Owner or other person, (2) resulting from any surface or subsurface conditions that may at any time affect any portion of the Property caused by rain or other surface water that may leak or flow from any portion of the Common Area onto a Residential Lot, Condominium Lot, Apartment Lot, Commercial Lot or (3) resulting from theft, burglary or other illegal entry onto the Property, any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot, Commercial Lot thereof. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken by or performed by the Association hereunder or for inconvenience or discomfort arising from the making of Improvements or repairs that are the responsibility of the Association or from any action taken by the Association to comply with any requirements of any Governmental Authorities.

(b) If the Board of the Association determines that (i) any Owner has failed or refused to discharge properly his, her or its obligations with regard to the maintenance, cleaning, repair or replacement of items that he, she or it is responsible for hereunder or (ii) any maintenance, cleaning, repair or replacement that the Association is responsible for hereunder is caused by the willful or negligent act of an Owner or Occupant, or their respective family members, guests, servants, employees, invitees or contractors, and the costs of such maintenance, cleaning, repair or replacement are not paid in full from insurance proceeds, if any, received by the Association, with respect thereto, then, in either event, the Association, in addition to the exercise of any of its rights and remedies set forth in these Covenants, may give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair or replacement, at the sole cost and expense of such Owner and setting forth in reasonable detail what action is deemed necessary. Except in the event of emergency situations as determined by the Board, such Owner shall have fifteen days within which to complete the same in a good and workmanlike manner or, if the same is not capable of completion within such fifteen day period, to commence such maintenance, cleaning, repair or replacement and to proceed diligently with the completion of the same in a good and workmanlike manner. In the event of emergency situations or the failure by any Owner to comply with the provisions hereof after such notice, the Association may provide (but shall not be obligated to provide) any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Owner and said cost shall be a personal obligation of such Owner, shall constitute an individual Assessment to such Owner, and shall be subject to the lien and foreclosure rights granted pursuant to Section 9.10 below. In the event the Association fails for any reason to exercise its rights of enforcement set forth in this Section 7.2(b), the Association may, at its option, exercise such rights of enforcement, and all provisions, rights and benefits of this Section 7.2(b) shall inure to the Association.

Section 8.3 Provisions Regarding Condominium. ALL OTHER PROVISIONS NOTWITHSTANDING, THE MAINTENANCE RESPONSIBILITIES SHALL NOT

APPLY TO THE CONDOMINIUM, THE SAME BEING CONTROLLED BY THE APPROPRIATE CONDOMINIUM DOCUMENTS.

ARTICLE 9

ASSOCIATION COMMON AREA ASSESSMENTS

Section 9.1 Lot Assessments and Creation of Lien. Each Owner of a Residential Lot, Condominium Unit, Commercial Lot or Apartment Lot, by acceptance of a deed or other instrument conveying any interest therein, regardless of whether such deed or instrument contains a reference to these Covenants, is hereby deemed to covenant and agree to pay to the Master Association or Phase Association, as applicable: (a) annual Assessments, as established and to be collected as provided in Section 9.4 below, (b) special Assessments, to be established and collected as provided in Section 9.5 below, and (c) individual Assessments against any particular Residential Lot, Condominium Unit, Commercial Lot or Apartment Lot that are established or assessed pursuant to the terms of these Covenants, including, but not limited to, any fines that may be levied or imposed against such Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot or Apartment Lot in accordance with the provisions of Sections 5.12, 7.22, 7.23(a), 7.31, 8.2(b), 9.6, 9.9 and 12.1 hereof. All Assessments, together with late charges and interest as provided in Section 9.10(a) below, and all court costs and attorneys' fees incurred by the Association to enforce or collect such Assessments, shall be an equitable charge and a continuing lien upon each Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot or Apartment Lot for which the Owner thereof is responsible for the payment of the same, which lien may be enforced in the manner provided in Section 9.10(c) below. Each Owner shall be personally liable for the payment of all Assessments coming due while he, she or it is the Owner of any Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot or Apartment Lot, and such Owner's grantee shall take title to such Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot or Apartment Lot subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his, her or its grantor any amounts paid by such grantee to the Association that were the legal obligations of such grantor. All Assessments, together with late charges and interest at the Applicable Rate, as specified in Section 9.10(a) below, court costs and attorneys' fees incurred with respect thereto by the Association, shall also be a personal obligation of the person who was the Owner of the Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot or Apartment Lot at the time such Assessments and other costs and charges were assessed or incurred. In the event of co-ownership of any Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot or Apartment Lot, all of the Co-Owners shall be jointly and severally liable for the entire amount of such Assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Association. All Assessments shall be payable in all events without offset, diminution or

abatement by reason of fire or other casualty or any taking as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof with respect to any Residential Lot, Condominium Lot, Condominium Unit, Commercial Lot, Apartment Lot or Common Area or any other portion of the Development or any other cause or reason of any nature.

Section 9.2 Purpose of Assessments. The annual and special Assessments provided for herein shall be used for the payment of Common Expenses and for the general purposes of promoting the recreational, health, education, safety, welfare, common benefit and enjoyment of the Owners and Occupants of the Property, and otherwise for the general upkeep and maintenance of the Development, including, but not limited to, any sanitary sewage disposal system installed by Developer in Developer's sole discretion, the Common Areas and any Improvements thereto, all as maybe more specifically authorized from time to time by the Association.

Section 9.3 Uniform Rate of Assessments for Improved Residential Lots and Condominium Units.

(a) Both annual and special Assessments, as described in Sections 9.4 and 9.5 below, shall be assessed against each Residential Lot or Condominium Unit in the Property at a uniform rate, with the Owner of each Residential Lot or Condominium Unit being required to pay his, her or its pro rata portion of such annual and/or special Assessments, as determined by a fraction, the numerator of which shall be one and the denominator of which shall be Developer's projected total number of Improved Residential Lots and Condominium Units in the Property. Each Improved Residential Lot or Condominium Unit shall be subject to equal annual and special Assessments.

(b) Notwithstanding anything provided in Section 9.3(a) above to the contrary, if any Additional Property is added to the Property, then the Lots and/or Dwellings within the Additional Property shall be subject to the same annual or special Assessments then being paid by the Owners of all Lots and Dwellings in the Property, subject to proration as provided in Section 9.9 below.

Section 9.4 Computation of Annual Assessments.

(a) Commencing with the fiscal year of the Association that begins on the date of its incorporation through December 31, 1999, and annually thereafter, on January 1 for each subsequent fiscal year of the Association (i.e. from January 1 in each year through December 31 in each year) the Association, shall determine and adopt annually an annual budget covering the estimated Common Expenses for the Property for the upcoming year, such budget to include a capital contribution or reserve account if necessary for the capital needs

of the Association. The amount set forth in such budget shall constitute the aggregate amount of annual Assessments for the then applicable year and each Owner shall pay his or her pro rata share of the same as provided in Section 9.3 above. A copy of the budget setting forth the amount of annual Assessments to be levied against the Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot for the following year shall be delivered by the Association for each Owner.

(b) The uniform rate for Apartment and Commercial Lots. For purposes of annual and special assessments, the Owner of each Apartment Lot shall be deemed to have the number of assessed Apartment Units equal to the total amount of square footage of living area in each Apartment Building divided by 2,000 square feet rounded up or down to the nearest unit (Assessed Apartment Unit). The Owner of each Improved Commercial Lot shall be deemed to have the number of assessed Commercial Units equal to the total amount of square footage of leasable space in each Commercial Building divided by 2,000 square feet, rounded up or down to the nearest unit (Assessed Commercial Unit). For example, should an Owner own a Commercial Building with 10,500 square feet of leasable space, it will be deemed to own five Assessed Commercial Units. If any budget or the amount of annual Assessments collected by the Association at any time proves to be inadequate or insufficient for any reason to pay fully all costs and expenses of the Association and all Common Expenses, then the Board may call a meeting of the Association for the purpose of approving special Assessments as provided in Section 9.3 below. If the actual amount of annual Assessments collected in any one year exceeds the actual costs incurred for Common Expenses for such year, the excess shall be retained by the Association as a reserve for subsequent years' Common Expenses.

(c) Formula for Computing Assessments. The owner of each Improved Residential Lot, Condominium Unit, Assessed Apartment Unit and Assessed Commercial Unit shall pay his or its pro rata portion of annual and special assessments, as determined by a fraction, the numerator of which shall be one and the denominator of which shall be the total number of improved Residential, Condominium, Commercial and Apartment Units subject to annual computation by the Association as set out in Section 9.4 below.

(d) Notwithstanding anything provided herein to the contrary, if any additional property is added to the Property then the Improved Residential Lots, Condominium Units, Improved Commercial Lots and Improved Apartment Lots within the Additional Property shall be subject annual and special assessments then being paid the Owners of all Residential, Condominium, Apartment and Commercial Lots in the Property, subject to the proration provided in Section 9.9 below.

(e) The Common Expenses to be funded by the annual and special Assessments may include, but shall not be limited to, the following:

- (1) Salaries, fringe benefits and other compensation paid and out-of-pocket expenses reimbursed by the Association for its employees, agents, officers and any third party contractors;
- (2) Management fees and expenses of administration, including legal and accounting fees, incurred by the Association;
- (3) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by these Covenants, including, without limitation, public liability coverage and such other insurance coverage as the Board determines to be in the best interest of the Association, including errors and omissions insurance, directors and officers liability insurance and any other liability insurance coverage for the benefit of the Association, the members of the Board, any officers, employees, agents or representatives of the Association or for any of the members of the DRB;
- (4) The expenses of maintaining, operating, repairing and replacing any sewer lift station or any sanitary sewer disposal system installed by Developer, in Developer's sole discretion, servicing any portion of the Property;
- (5) The expenses of maintaining, operating and repairing any other amenities and facilities serving the Property that the Association or the Board determines from time to time would be in the best interest of the Owners and the Property to so maintain, operate or repair, including but not limited to, any limited access facilities, such as electrically monitored gates, entrance ways and any related improvements, and the expenses of a guard or guards for the Property;
- (6) The expenses of the DRB attributable to the Property that are not defrayed by applicable plan review charges;
- (7) The costs and expenses for conducting recreational, cultural or other related programs for the benefit of the Owners and Occupants of the Property;
- (8) All other fees, costs and expenses incurred by the Association in accordance with the provisions of these Covenants or that the Board, subject to the prior written approval of the Association, determines to be appropriate to be paid by the Association, including, without limitation, taxes and governmental charges not separately assessed against Residential Lots, Condominium Units, Commercial Lots or Apartment Lots;
- (9) The establishment and maintenance of a reasonable reserve fund or funds (1) to cover emergencies and repairs required as a result of casualties that are not funded

by insurance proceeds, and (2) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board, and approved by the Association; and

(10) A proportionate share of the Association Expenses described in Section 9.4(d) below, which proportionate share shall be determined by the Association, in its sole discretion.

(d) The Association Expenses to be funded by the annual and special Assessments may include, but shall not be limited to, the following:

(1) The utility charges for any utilities serving any of the Common Areas and charges for other common services for the Development, including, without limitation, trash collection and limited access services;

(2) The costs of any insurance policies purchased for the benefit of the Association as required or permitted by these Covenants;

(3) The expenses of maintaining, operating, repairing, upgrading, improving and replacing any portions of the Common Areas, including, without limitation, roads comprising Common Areas within the Property, which maintenance, upgrade, improvement and repair obligation shall include mowing, landscaping, seeding, cleaning, trash pickup and removal, paving, repaving, striping and patching all such roadways comprising Common Areas, and any upgrade or improvement of any intersection of same and any other street or highway undertaken by Developer pursuant to Section 3.1(b) above;

(4) The expenses of maintaining, operating, repairing and replacing any sewer lift station serving any portion of the Property together with any other portion of the Development; and

(5) All ad valorem real and personal Property taxes assessed and levied upon any of the Common Areas.

Section 9.5 Special Assessments. In addition to the annual Assessments authorized in Section 9.4 above and the special Assessments authorized in Sections 10.1(b) and 10.3(a)(1) below, the Board of the Association, after January 1, 2020 or such earlier date as Developer, in its sole discretion, may determine, may levy in any year special Assessments for Common Expenses or any extraordinary costs incurred by the Association; provided, however, that any such special Assessments (other than special assessments levied pursuant

to Sections 10.1(b) and 10.3(a)(1) below) shall be approved by a majority of the votes of the Owners who are voting in person or by proxy at the meeting called for the purpose of adopting special assessments pursuant to the provisions of Section 9.7 below. The Board may make such special Assessments payable in one lump sum or in installments over a period of time that may, in the Board's discretion, extend beyond the then fiscal year in which said special Assessments are levied and assessed. Special Assessments shall be levied against and payable by each Owner in accordance with the provisions of Section 9.3 and 9.4 above.

Section 9.6 Individual Assessments. Any expenses of the Association that, in the opinion of the Board of the Association, are occasioned by the conduct of less than all of the Owners or by an Owner or Occupant, or the respective family members, agents, guest, servants, employees, invitees or contractors of any Owner or Occupant, shall be specially assessed against such Owners and their respective Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot. The individual Assessments provided for in this Section 9.6 shall be levied by the Association Board and the amount and due date of such Assessment shall be specified by the Association Board in a notice to such Owner. The provisions of this Section 9.6 shall apply, without limitation, to any individual Assessments levied pursuant to Sections 5.12, 7.22, 7.23(a), 7.31, 8.2(b), 9.6, 9.9 and 12.1 hereof.

Section 9.7 Notice of Meetings and Quorum.

No meeting of the membership of the Association shall be held until the earlier of January 1, 2020, or such earlier time as the Developer, in its sole discretion, may determine. Developer may, in its sole discretion, elect to call a meeting of the members of the Association for information purposes, but the calling of such meeting will not in any way waive the right of the Developer to control the membership of the Board of Directors of the Association, including the right to designate the members of the DRB. After January 1, 2020, or such sooner time as Developer, in its sole discretion, determines to relinquish control of the Board of Directors of the Association, meetings of the members of the Association will be held as follows:

(a) Written notice of each annual meeting of the Association shall be sent to all Owners not less than ten days nor more than fifty days in advance of such meeting. With respect to annual meetings, the presence in person or by proxy of owners entitled to cast over fifty percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, except as hereinafter provided, but the required quorum at the subsequent meeting shall be the presence in person or by proxy of Owners entitled to cast at least one-third of the total votes of the Association. Any notice of any such subsequent meeting shall state that the necessary quorum shall be one-third of the total votes of the Association present in person

or by proxy. At such time as a quorum is obtained, the vote of a majority of the Owners who are voting in person or by proxy at such meeting shall be required to approve any matter in which all of the members of the Association are entitled to vote.

(b) Written notice of any meeting of the Association other than an annual meeting shall be sent to all Owners not less than five days nor more than twenty days in advance of such meeting. With respect to any such other meeting of the Association, including, specifically, meetings pursuant to which special Assessments are to be levied upon each Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot pursuant to Section 9.5 above, there shall be no specific requirement establishing a quorum and the vote of a majority of the Owners who are voting in person or by proxy at any such special meeting shall be binding on all of the members of the Association.

Section 9.8 Date of Commencement of Assessments. Annual assessments provided herein shall commence as follows: (i) for Residential Lots, two years from the day on which a deed to such lot from the Developer to a third party is recorded in the Probate Office of Baldwin County, Alabama, or the date in which a certificate of occupancy is issued by appropriate authorities, whichever is sooner, PROVIDED HOWEVER, that no assessments shall be made against a residential lot owned by Developer, until a Certificate of Occupancy is issued for improvements to such lot; (ii) for Condominium Units, the day on which a deed from Developer to a third party to a Condominium Unit is recorded in the Probate Office of Baldwin County, Alabama; (iii) Apartment Lots, the date on which an Apartment Lot becomes an Improved Apartment Lot; (iv) for Commercial Lots, the date on which a Commercial Lot becomes an Improved Commercial Lot. Improved Apartment Lots or Improved Commercial Lots shall be subject to assessment whether same is owned by Developer or a third party and assessments shall be due and payable in such manner on such schedule as may be established from time to time by the Board of the Association subject to prior written approval of the Association. Annual Assessments and any outstanding special Assessments shall be adjusted for each Residential Lot, Condominium Unit, Apartment Lot or Commercial Lot according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such assessment is made. At such time as Developer no longer has any interest in any portion of the Property, Developer shall have no further obligation of any nature to pay any Assessments.

Section 9.9 Effect of Non-Payment: Remedies of the Association.

(a) Each Owner of a Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot is and shall be deemed to covenant and agree to pay to the Association all Assessments provided for herein. If any Assessments or any portion thereof are not paid when due, the same shall be subject to a late charge in an amount determined and

uniformly applied by the Board from time to time, and the Owner of such Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot shall be deemed in default herewith. If any Assessments or any portion thereof are not paid within thirty days after the due date of the same, then the unpaid portion of the Assessment shall accrue simple interest at the lesser of eighteen percent per annum or the highest rate that may be charged to said Owner by law (the "Applicable Rate") from the thirtieth day from the due date until the same is paid in full. If the Association employs an attorney or otherwise takes any legal action in attempting to collect any amounts due from any Owner, such Owner agrees to pay all attorneys' fees, court costs and all other expenses paid or incurred by the Association. The lien and equitable charge upon each Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot for Assessments as provided above shall also include all late charges, interest at the Applicable Rate and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in attempting to collect any unpaid Assessments.

(b) In the event any Assessments or other amounts due to the Association are not paid by any Owner when the same becomes due, then in addition to all other rights and remedies provided at law or in equity, the Association, acting through its Board or through any of its officers or authorized representatives, may undertake any or all of the following remedies:

(1) The Association may commence and maintain a suit at law against an Owner to enforce such charges and obligations for Assessments and any such judgment rendered in any such action shall include the late charge and interest at the Applicable Rate, as specified in Section 9.10(a) above, together with attorneys' fees, court costs and all other expenses paid and incurred by the Association in collecting such unpaid Assessments; and/or

(2) The Association may enforce the lien created pursuant to Sections 9.1 and 9.10(c) in the manner hereinafter provided.

(c) There is hereby created a continuing lien on each Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot, with power of sale that secures the payment to the Association of any and all Assessments levied against or upon such Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot, all late charges and interest at the Applicable Rate assessed pursuant to Section 9.10(a) above and all attorneys' fees, court costs and all other expenses paid or incurred by the Association in collecting any Assessments. If any Assessments remain unpaid for more than sixty days, then the Association, through its Board or any officer or authorized representative thereof, may, but shall not be obligated to, make written demand on such defaulting Owner, which demand shall state the date and amount of delinquency. Each

default shall constitute a separate basis for a demand and claim of lien, but any number of defaults may be included in a single demand. If such delinquency is not paid in full within ten days after the giving of such demand or, even without giving demand, the Association may file a claim of lien and perfect its lien against the Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot of such delinquent Owner, which claim shall be executed by any member of the Board of the Association or any officer of the Association, contain the following information and be recorded in the Probate Office of Baldwin County, Alabama:

- (1) The name of the delinquent Owner;
- (2) The legal description and street address of the Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot upon which the lien claim is made;
- (3) The total amount claimed to be due including late charges, interest at the Applicable Rate, collection costs and attorneys' fees incurred to date and a statement, if applicable, that such charges and costs shall continue to accrue and be charged until full payment has been received; and
- (4) A statement that the claim of lien is made by the Association pursuant to these Covenants and is claimed against such Lot, Dwelling or Unit in an amount equal to that stated therein.

Except as provided in Section 9.10(d) below, the lien provided for herein shall be in favor of the Association, shall be for the benefit of all other Owners (other than those Owners in default) and may be foreclosed in the same manner as now provided by law in the case of past mortgages, and the Association shall be authorized, at its option, to sell the Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot under the power of sale that is hereby given to the Association, at public outcry, to the highest bidder for cash, at the front or main door of the Baldwin County courthouse, after first having given notice by publication once a week for three successive weeks of the time, place and terms of such sale, together with a description of the Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot to be sold, by publication in some newspaper published in Baldwin County. The sale shall be held between the hours of 11:00 a.m. and 4:00 p.m. on the day designated for the exercise of the power of sale hereunder. The Association shall have the right and power to bid at any such foreclosure sale and to purchase, acquire, hold, lease, mortgage, convey and sell any such Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot. Each Owner, by acceptance of a deed to any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot, shall be deemed to (1) grant to and vest in the

Association and/or its agents the right and power to exercise the power of sale granted herein and foreclose the lien created herein, (2) grant to and vest in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of all amounts due from such Owner, (3) expressly waive any objection to the enforcement and foreclosure of the lien created herein and (4) expressly waive the defense of the statute of limitations that may be applicable to the commencement of any such suit or action for foreclosure.

Section 9.10 Subordination of Lien. Notwithstanding anything provided herein to the contrary, the lien for Assessments and other charges authorized herein with respect to any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot in the Development is and shall be subordinate to the lien of any Mortgage held by an Institutional Mortgagee, but only to the extent that the Mortgage held by any such Institutional Mortgagee is recorded in the Probate Office of Baldwin County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 9.10(c) above, or by the Association pursuant to Section 9.10(d) above. When an Institutional Mortgagee exercises its foreclosure rights provided in its Mortgage and acquires title to or sells to a third party its interest in any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot, then such Institutional Mortgagee or its purchaser or transferee at such foreclosure sale shall (a) not be liable for any Assessments or other charges incurred prior to the date of transfer or acquisition of title by foreclosure so long as the Mortgage held by such Institutional Mortgagee was recorded in the Probate Office of Baldwin County, Alabama prior to the filing of a claim of lien by the Association pursuant to Section 9.10(c) above, or by the Association pursuant to Section 9.10(d) above, but (b) be liable for all Assessments other charges levied, assessed or incurred with respect to such Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot from and after the date of such foreclosure sale. The foregoing shall not relieve any Owner whose Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot has been foreclosed from the personal obligation to pay all Assessments and any other charges levied, assessed or incurred by the Association shall have the right to pursue all rights and remedies against a defaulting Owner notwithstanding the foreclosure of a Mortgage by an Institutional Mortgagee on such Owner's Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot.

Section 9.11 Certificates. The Association or any officer or authorized representative thereof shall, upon request and at such reasonable times as may from time to time be adopted by the Board, furnish to any Owner a certificate in writing setting forth whether the Assessments for which such Owner is responsible have been paid and, if not paid, the outstanding amount due and other costs and expenses due from such Owner. Such certificate shall be conclusive evidence of payment of any Assessments stated therein.

ARTICLE 10

CASUALTY, CONDEMNATION AND INSURANCE

Section 10.1 Damage or Destruction to Common Areas.

(a) In the event of any damage or destruction to any of the Common Areas by fire or other casualty, then, subject to the provisions of this Article 10, the Association shall promptly repair, replace and restore the damaged portions of the Common Areas to the condition to which they existed immediately prior to such fire or other casualty.

(b) Such special assessment shall be levied against each Assessed Residential Lot, Assessed Apartment Unit or Assessed Commercial Unit equally as provided in Sections 9.3 and 9.4 above. Notwithstanding anything provided in Section 10.1(a) above, if the amount of insurance proceeds, if any, recovered as a result of such damage or destruction is insufficient fully to repair, replace and restore the damaged portions of the Common Areas, and such efficiency cannot be appropriated from any reserve fund that may have been established for such purpose, then the Board of the Association, as applicable, subject to the prior written approval of the Association, may levy a special Assessment against the applicable Owners, without the necessity of a vote of the Owners approving or disapproving the same pursuant to Section 10.5 or 10.6 above, which such special Assessment shall be in an amount sufficient to provide funds to pay a proportionate share of the remaining costs necessary to repair, replace or restore the Common Areas to the condition as existed immediately prior to such fire or other casualty. Such special Assessment shall be levied against each Assessed Residential Lot, Condominium Unit, Assessed Apartment Unit or Assessed Commercial Lot equally as provided in Sections 9.3 and 9.4 above. Further special Assessments may be made by the Board Association on a proportionate share basis, as described above, without the necessity of a vote of the Owners approving or disapproving the same, at any time during or upon completion of any such repair, replacement or restoration of the Common Areas if funds are insufficient to cover the costs of such repair, replacement or restoration. Any and all insurance proceeds received by the Association on account of any damage to or destruction of any of the Common Areas or any sums paid to the Association by virtue of such special Assessments shall be held by and for the benefit of the Association and shall be disbursed by the Association in payment for the costs of such repair, replacement or restoration in such manner as may be determined by the Association. In no event shall the Owner or Mortgagee of any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot be entitled to any portion of any special Assessments or proceeds of insurance payable as a result of the damage to or destruction of any portion of the Common Areas.

Section 10.2 Damage or Destruction to Lots and Dwellings. In the event of any fire or other casualty that damages or destroys any portion of any Residential Lot, Apartment Lot or Commercial Lot, then the Owner of such damaged Residential Lot, Apartment Lot or Commercial Lot shall promptly repair and otherwise restore such Residential Lot, Apartment Lot or Commercial Lot to the condition to which the same existed immediately prior to such fire or other casualty; provided, however, that any such restoration or repair shall be subject to compliance with all of the provisions set forth in Article 5 above and all then applicable rules, regulations, statutes and ordinances of Governmental Authorities. Any such restoration or repair shall be commenced within one hundred eighty days following the occurrence of such fire or other casualty. The Owner of any such damaged Residential Lot, Apartment Lot or Commercial Lot shall proceed diligently and complete all such restoration and repair no later than one year following the occurrence of such fire or other casualty. In the event the restoration or repair of such Residential Lot, Apartment Lot or Commercial Lot is impracticable or would otherwise violate any of the provisions of these Covenants, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such fire or other casualty and shall leave such Residential Lot, Apartment Lot or Commercial Lot and any remaining Improvements thereon in a clean, orderly, safe and sightly manner.

Section 10.3 Condemnation of Common Areas.

(a) In the event of the taking of all or any portion of any of the Common Areas as a result of, in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof, the award from such taking or sale in lieu thereof shall be paid to the Association, as applicable, and shall be disbursed or held as follows:

(1) To the extent the Common Areas subject to such taking can either be restored or replaced, then, to the extent practicable, the Association shall take such action, including the utilization of any other Common Areas within the Development, to restore or replace, as the case may be, those portions of the Common Areas subject to such taking. If the award is insufficient to defray fully the cost of such restoration or replacement, and such deficiency cannot be appropriated from any reserve fund that may have been established for such purpose, then the Board of the Association may levy a special Assessment against all Owners, without the necessity of a vote of the Owners approving or disapproving the same pursuant to Sections 9.5 and 9.6 above, which such special Assessment shall be in an amount sufficient to provide funds to pay a proportionate share of the remaining costs of restoration or replacement. Such special Assessment shall be levied against each Owner as provided in Sections 10.4 and 10.4 above. Further special Assessments may be made by the Association Board on a proportionate share basis without the necessity of a vote of

the Owners approving or disapproving the same, at any time during or upon the completion of any such restoration or replacement of the Common Areas if the award received as a result of such taking is insufficient to pay the costs of such restoration or replacement.

(2) To the extent the Common Areas subject to such taking cannot be restored or replaced or if the Association shall determine that the portions of the Common Areas so taken should not be restored or replaced, then in any such event, the net award from such taking shall be retained by and for the benefit of the Association.

(b) If any portion of the award from any taking remains after restoration or replacement of any of the Common Areas, the remainder of such award shall be retained by and for the benefit of the Association without any claim thereto any Owner. Except as specifically provided in Section 10.3(c) below, no Owner or Mortgagee of any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot shall be entitled to any portion of the award made to Association as a result of the taking of any portion of the Common Areas.

(c) If any such taking or sale in lieu thereof includes all or any part of a Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot and also includes any part of the Common Areas, then the award from such taking shall be equitably apportioned in accordance with the decision of a court of competent jurisdiction, and such award shall be disbursed separately to the Association and to the Owners so affected by such taking; provided, however, that the Owners of any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot that is subject to any such taking and the Association may agree on the amount of such apportionment, which mutual agreement shall be binding on all Owners. It is intent of this Section that the Association shall restore its Common Areas and that the Association shall restore its Common Areas, and each shall retain the applicable proceeds of condemnation not utilized in restoration.

Section 10.4 Condemnation of Residential Lots, Condominium Lots, Commercial Lots and Apartment Units. If all or any portion of a Residential Lot, Condominium Lot, Commercial Lot or Apartment Lot is taken as a result of; in lieu of or in anticipation of the exercise of the right of eminent domain, condemnation or by private purchase in lieu thereof; then, to the extent practicable, the Owner of such Residential Lot, Condominium Lot, Commercial Lot or Apartment Lot shall promptly repair, reconstruct, rebuild and otherwise restore the remaining portions of the Residential Lot, Condominium Lot, Commercial Lot or Apartment Lot as nearly as practicable to the condition to which the same existed immediately prior to such taking; provided, however, that any such restoration shall be subject to all of the terms and conditions set forth in Article 5 above and all then applicable rules, regulations, statutes and ordinances of the Governmental Authorities. If the

restoration of such Residential Lot, Condominium Lot, Commercial Lot or Apartment Lot is impracticable or would otherwise violate any of the provisions of these Covenants, then such Owner shall promptly clear away any remaining Improvements damaged or destroyed by such taking and shall leave such Residential Lot, Condominium Lot, Commercial Lot or Apartment Lot and any remaining Improvements thereon in a clean, orderly, safe and slightly condition.

Section 10.5 Insurance.

(a) The Association shall have the right and authority to obtain and maintain at all times adequate property and casualty insurance in such form as the Association deems appropriate for the benefit of the Association insuring all insurable Improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism and malicious mischief, which coverage shall be in an amount, with such insurance carriers, at such costs and with such deductibles as the Association, in its sole discretion, may determine.

(b) The Association shall have the right and authority to obtain and maintain in effect at all times such public liability insurance coverage covering all of the Common Areas in such amounts, with such insurance carriers, at such costs and with such deductibles as the Association, in its sole discretion, may deem necessary or desirable.

(c) The Board shall have the right and authority to obtain workman's compensation insurance, employer's liability insurance, public liability insurance, and all other types of insurance required by law, including, without limitation, errors and omissions and directors and officers liability insurance coverage, in such amounts, with such insurance carriers, at such costs and with such deductibles as the Board, in its sole discretion, may determine.

(d) All insurance coverage authorized in Section 10.5(c) above shall be written in the name of the Association and all costs thereof shall be a Common Expense. To the extent the same may be obtained at a nominal cost, all such policies shall contain a waiver of subrogation clause pursuant to which the insurer waives any claims against the Developer, the Association, the members of the Board and all officers, agents and employees, including the manager for the Development, the Association, the Owners and the family members, servants, agents, tenants and guests, of the Owners and shall also name Developer as an additional insured.

(e) All insurance coverages required in Sections 10.5(a) and 10.5(b) above shall be written in the name of the Association and a proportionate share of all costs thereof shall be a Common Expense.

(f) Each Owner shall be solely responsible for obtaining and maintaining public liability, property damage, title and all other types of insurance with respect to his, her or its Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot. The Board may require all Owners to carry specified minimum amounts of public liability insurance with respect to their respective Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot and to furnish copies or certificates thereof to the Association. Each Owner, by acceptance of a deed or other instrument conveying any interest in any Residential Lot, Condominium Lot, Condominium Unit, Apartment Lot or Commercial Lot, does hereby waive and release Developer, the Association, the DRB, the manager of the Development, employees, representatives, partners, shareholders, members, officers and directors, from any and all liabilities or damage covered by (or that should be covered by) fire and casualty (e.g., homeowner's and builder's risk) insurance and general liability insurance that any Owner maintains, even if such loss or damage has been caused by the fault or negligence of any of the foregoing persons or parties.

ARTICLE 11

TERM AND AMENDMENTS

Section 11.1 Term. The terms, covenants, conditions and restrictions set forth in these Covenants shall run with and bind all of the Property, shall inure to the benefit of all Owners and Mortgagees and their respective heirs, executors, personal representatives, administrators, successors and assigns, and shall be and remain in effect for a period of ninety-nine years from and after the date hereof, after which time these Covenants shall be automatically renewed and extended for successive and continuous period of ten years each, unless, at any time after twenty years from the date hereof, an agreement executed by the Owners of at least two-thirds or more of the Assessed Residential Lots, Assessed Condominium Lots, Assessed Condominium Units, Assessed Apartment Units or Assessed Commercial Units within the Property agreeing to terminate or modify these Covenants has been recorded in the Probate Office of Baldwin County, Alabama; provided, however, that the rights of way and easements established, granted and reserved in Article 3 hereof shall continue and remain in full force and effect for the time periods and duration specified therein.

Section 11.2 Amendment by Developer. Until January 1, 2020, or until such earlier date as Developer elects, in its sole discretion, Developer may amend these Covenants by a written instrument filed and recorded in the Probate Office of Baldwin County, Alabama, without obtaining the approval of any Owner or Mortgagee; provided, however, that except as otherwise provided in Section 11.4 below, (a) if any amendment proposed by Developer materially and adversely alters or changes any Owner's rights to the use and enjoyment of his, her or its Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot or

materially and adversely affects the title to any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot, then such amendment shall be valid only upon the written consent of the affected Owner or, alternatively, by fifty percent of all of the Owners (including Developer who shall have the voting rights attributable to any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot owned by Developer) or (b) if any such proposed amendment by Developer would materially and adversely affect the title and interest of any Institutional Mortgagee, such amendment shall be valid only upon the written consent of all such Institutional Mortgagees affected thereby. Any amendment made pursuant to this Section 11.2 shall be certified by Developer and shall be effective when it is recorded in the Probate Office of Baldwin County, Alabama. Each Owner, by acceptance of a deed or other conveyance to a Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot, and each Mortgagee, by acceptance of a Mortgage on any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot, agrees to be bound by all amendments permitted by this Section 11.2 and further agrees that, if requested to do so by Developer, such Owner and Mortgagee will consent to the amendment of these Covenants or any other instrument relating to the Property or the Association if such amendment is (i) necessary to bring any provision hereof into compliance or conformity with the provisions of any law; ordinance, statute, rule or regulation of any applicable Governmental Authority or the judicial decision of any state or federal court, (ii) necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot, (iii) required by any Institutional Mortgagee to enable such Institutional Mortgagee to make a Mortgage loan on any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot or (iv) necessary to enable any governmental agency or reputable private insurance company to insure Mortgages on any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot within the Property.

Section 11.3 Amendments by Association after Relinquishment of Control by Developer. After January 1, 2020, or such sooner date as Developer in its sole discretion determines, amendments to these Covenants shall be proposed and adopted by the Association in the following manner:

(a) At any annual or special meeting of the members of the Association, an amendment to these Covenants may be proposed by either the Board of the Association or by any Owners provided written notice of same is provided to all Owners at least ten days before such meeting. Any such proposed amendment must be approved by the Owners holding at least two-thirds of the total votes in the Association.

(b) Any and all amendments approved in accordance with the provisions of Section 11.3(a) above shall be executed by all parties whose consent to the same is required, including the Owners holding at least two-thirds of the total votes in the Association;

provided, however, that in the alternative, the sworn statement of the President of the Association or by the Chairman of the Board stating unequivocally that the agreement of the requisite number of Owners was lawfully obtained may be attached to and incorporated into such amendment without the written consent of any Owner. Any such amendment shall be effective upon recording of the same in the Probate Office of Baldwin County, Alabama.

Section 11.4 Restrictions on Amendment. Notwithstanding anything provided in these Covenants to the contrary, in no event may any amendment to Sections 1.20, 2.2, 2.3, 2.6, 3.1-3.11, 4.2-4.7, 5.1-5.9, 5.11, 5.13, 6.1-6.8, 7.1, 7.7, 7.25, 7.27, 7.28, 7.29, 9.3-9.9, 11.2, 11.3, 11.4, 13.1, and 13.13-13.19 hereof or any other provisions of these Covenants that require Developer's or the Association's consent or approval be effective unless Developer or the Association, as the case may be, consents in writing to any such amendment requiring its consent. The consent of Developer or the Association to any such proposed amendment may be withheld in the sole discretion of Developer or the Association, respectively, with or without any reason.

ARTICLE 12

ENFORCEMENT

Section 12.1 Authority and Enforcement. In addition to the provisions of Sections 5.12, 7.22, 7.23, 7.31, 7.35, 8.2(b), 9.6 and 9.9 hereof, if any Owner or Occupant or their respective agents, contractors or invitees, violates any of the provisions of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations adopted by the Board of the Association from time to time, the Board shall have the power to (i) impose reasonable monetary fines that shall constitute an equitable charge and continuing lien upon the Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot and shall be a personal obligation of such Owner that is guilty of such violation, (ii) suspend an Owner's right to vote in the Association or (iii) suspend an Owner's or Occupant's right (and the right of such Owner's or Occupant's family members, guests and tenants) to use any of the facilities located in or upon the Common Areas, and the Board shall have the power to impose all or any combination of any of the foregoing sanctions. Any such suspension of rights may be for the duration of the infraction.

Section 12.2 Procedure. In the event any of the terms or provisions of these Covenants, the Articles of Incorporation, the Bylaws or any rules and regulations of the Association are violated by an Owner or Occupant, or the respective agents, contractors or invitees of any Owner or Occupant, the Board shall not impose a fine, suspend voting rights or infringe upon or suspend any other rights pursuant to Section 12.1 above unless written demand to cease and desist from an alleged violation shall be served upon the Owner responsible for such violations which demand shall specify:

- (a) The alleged violation;
- (b) The action required to abate such violation; and

(c) A time period of not less than ten days during which the violation may be abated without further sanction (if such violation is a continuing one), or (if the violation is not a continuing one), a statement that any further violation of the same provision of these Covenants, the Design Code, the Articles of Incorporation, the Bylaws or any of the rules and regulations of the Association may result in the imposition of sanctions. The foregoing procedure shall only be applicable to the enforcement rights specified in Section 12.1 above and shall not apply to the exercise of any of the rights and remedies specified in any other provision of these Covenants.

Section 12.3 Nonexclusive Remedies. Notwithstanding anything provided to the contrary in these Covenants, the authority, enforcement and procedural rights set forth in this Article 12 are in addition to and shall not be deemed to limit the other rights and remedies set forth in these Covenants or that the Association, acting through the Board, would have the right to exercise at law or in equity.

ARTICLE 13

MISCELLANEOUS PROVISIONS

Section 13.1 Control by Developer. NOTWITHSTANDING ANYTHING PROVIDED TO THE CONTRARY IN THESE COVENANTS, THE ARTICLES OF INCORPORATION, THE BYLAWS OR IN ANY OTHER DOCUMENT OR INSTRUMENT RELATING TO THE PROPERTY, UNTIL JANUARY 1, 2020, OR SUCH EARLIER DATE AS DEVELOPER, IN ITS SOLE DISCRETION, ELECTS, DEVELOPER HEREBY RETAINS THE RIGHT TO (I) APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE BOARD OF THE ASSOCIATION AND ANY OFFICER OR OFFICERS OF THE ASSOCIATION; (II) APPOINT AND REMOVE ANY MEMBER OR MEMBERS OF THE DESIGN REVIEW BOARD; AND (III) DESIGNATE THOSE MEMBERS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION, TO BE ELECTED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION. Each Owner, by acceptance of a deed or other conveyance of any interest in a Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot, agrees that Developer shall have the authority to appoint and remove members of the Board and Officers of the Association in accordance with the foregoing Provisions of this Section 13.1 and the provisions of Section 5.2 above, until January 1, 2020, or at such earlier date as Developer determines, in its sole discretion. After January 1, 2020, or such sooner date as Developer may relinquish control, a special meeting of the Association shall be called within a

reasonable time thereafter at which time the Owners shall elect a new Board of each association that shall undertake the responsibilities of the Board of the Association and Developer shall deliver all books, accounts and records of the Association, if any, that Developer has in its possession.

Section 13.2 Legal Expenses. In addition to the rights and remedies set forth in Articles V, VI, VII, VIII, IX, X and XII hereof, if the Association, its agents or representatives, the DRB, its agents or representatives, or the Board, its agents and representatives, undertake any legal or equitable action that any of them deem necessary to abate, enjoin, remove or extinguish any violation or breach of these Covenants, then all costs and expenses incurred by any of them, including, without limitation, attorneys fees and court costs, in enforcing any of the terms, provisions, covenants or conditions in these Covenants shall be paid for by the Owner against whom such action was initiated. The Association, its agents and representatives, the DRB, its agents and representatives, and the Board, its agents and representatives, are each hereby authorized to take any and all legal or equitable action as may be necessary under the circumstances to restrain or enjoin any such violation or breach or to otherwise seek monetary damages as a result of any expenses incurred by either the DRB, the Association to cure such violation or breach.

Section 13.3 Severability. If any provision of these Covenants or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of these covenants or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each provision shall be valid and enforceable to the fullest extent permitted by law.

Section 13.4 Captions and Headings. The captions and headings contained in these Covenants are for convenience of reference only and shall not be used in the construction or interpretation of any provisions of these Covenants. The table of contents, cover page and any index to these Covenants are for convenience of reference only and shall not define or limit any of the provisions hereof.

Section 13.5 Pronouns and Plurals. All personal pronouns used in these Covenants, whether used in the masculine, feminine or neuter gender, shall include all other genders. The use of the singular tense shall include the plural and the use of the plural shall include the singular.

Section 13.6 Binding Effect. The provisions of these Covenants shall be binding upon each Owner, Occupant and Mortgagee and the respective heirs, executors, administrators, personal representatives, successors and assigns of each Owner, Occupant and Mortgagee, and shall inure to the benefit of Developer, the Association, the DRB, all of

the Owners and their respective Mortgagees and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Section 13.7 Conflict or Ambiguity. In the event of any conflict or ambiguity in the provisions of these Covenants, the general rules of construction against one party as a result of that party having drafted these Covenants are hereby waived by each Owner and, to the fullest extent allowed by law, no conflicts or ambiguity shall be resolved in favor or to the advantage of one party as opposed to another in interpreting any ambiguity or conflict contained herein.

Section 13.8 No Reverter. No restriction or provision hereof is intended to be or shall be construed as a condition subsequent or a possibility of reverter in favor of Developer nor shall any provision be deemed to vest any reversionary interest in Developer.

Section 13.9 Interpretation. In all cases, the provisions in these Covenants shall be construed together and given that interpretation or construction that, in the opinion of Developer, the Board of the Association will best effectuate the intent of the general plan of development for the Property. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication so as to make them fully effective. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning ordinance or building codes that are less restrictive. The effective date of these Covenants shall be the date hereof. These Covenants shall be construed under and in accordance with the laws of the State of Alabama.

Section 13.10 Right of Third Parties. These Covenants shall be recorded for the benefit of Developer, the Association, the Owners and their respective Mortgagees and by such recording, no adjoining property Owner or other third party shall have any right, title or interest whatsoever in the Property or the Development, or in the operation and continuation of either, or in the enforcement of any of the provisions of these Covenants nor shall any of them have the right to consent to or approve any amendment or modification to these Covenants.

Section 13.11 No Trespass. Whenever the Association, Developer, the DRB and their respective agents, employees, representatives, invitees, successors and assigns, are permitted by these Covenants to enter upon or correct, repair, clean, maintain or preserve or do any other action within any portion of a Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot, the entering thereon and the taking of such action shall not be deemed a trespass.

Section 13.12 No Partition. Each Owner hereby waives any right to seek or obtain judicial partition, of any portion of the Property or the Development.

Section 13.13 **Reservation of Rights.** Notwithstanding anything provided herein to the contrary, no sale, transfer, conveyance, lease, pledge, encumbrance or other hypothecation of any Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot by Developer to a third party shall constitute or be deemed a transfer of any of the rights reserved herein to Developer unless reference is made in such instrument of conveyance to the specific rights created in these Covenants that Developer is transferring to any such third party.

Section 13.14 **Standards for Review.** Whenever in these Covenants Developer, the Association or the DRB has the right to approve, consent to, or require any action be taken pursuant to the terms hereof, such approval, consent or required action shall, except as otherwise specifically provided herein to the contrary, be given or withheld in the sole and absolute discretion of Developer, the Association or the DRB, as the case may be.

Section 13.15 **Oral Statements.** Oral statements or representations by Developer, the Association, the DRB, the manager of the Development, or any of their respective employees agents, representatives, successors or assigns, shall not be binding on Developer, the Association or the DRB or the manager of the Development.

Section 13.16 **Notices.** Notices required hereunder shall be in writing and shall be delivered by hand, by overnight courier, telecopied, or sent by registered or certified United States Mail, postage prepaid return receipt requested. Any notice so addressed and mailed shall be deemed to be given seven days after deposit in the United States Mail, and if delivered by hand, shall be deemed to be given when delivered, and if telecopied or delivered by overnight courier, shall be deemed to be given on the business day immediately following the day that it was sent or delivered. All notices to Owners shall be delivered or sent to such addresses as have been designated in writing to the Association or, if no such address has been so designated, at the address of such Owner's respective Residential Lot, Condominium Lot or Unit, Apartment Lot or Commercial Lot within the Property. All notices to the Association or the DRB shall be delivered or sent in care of Developer to the following address:

CHS Properties, Inc.
25819 Canal Road
Orange Beach, Alabama 36561
ATTENTION: Patrick Willingham, President
ATTENTION: Doug Warren, Vice President

or to such other address as the Association or the DRB may from time to time specify in a notice to the Owners. All notices to Developer shall be sent or delivered to Developer at the above address or to such other addresses as Developer may notify the Association.

Section 13.17 **Assignment.** Subject to the provisions of Section 13.13 above, Developer, the Association and the DRB shall each have the right to assign any and all of the rights, powers, reservations and duties contained herein to any person or entity who shall thereupon have the same rights, power, reservations and duties as Developer, the Association and the DRB, respectively.

Section 13.18 **Further Assurances.** Each Owner covenants and agrees to execute, sign and deliver, or cause to be executed, signed and delivered and to otherwise do or make or cause to be done and made, any and all agreements, instruments, papers, deeds, acts or things, supplemental, conformity or otherwise, that may be reasonably requested by Developer, the Association or the DRB for the purpose of clarifying, amending or other consummating any of the transactions and matters herein.

Section 13.19 **No Waiver.** All rights, remedies and privileges granted to Developer, the Association and the DRB pursuant to the provisions of these Covenants shall be deemed to be cumulative, and the exercise of any one or more of such rights, remedies or privileges shall not be deemed to constitute an election of remedies nor shall it preclude the party exercising the same, or any other party, from pursuing such other and additional rights, remedies or privileges as may be available to such party at law or in equity. The failure at any time to enforce any covenant or restriction set forth herein shall not be deemed a waiver of the right thereafter to enforce such covenant or restriction.

Section 13.20 **Provisions of Condominium Documents.** SHOULD A CONDOMINIUM BE DEVELOPED ON ANY OF THE ADDITIONAL PROPERTY, THE CONDOMINIUM DOCUMENTS WILL CONTAIN APPROPRIATE PROVISIONS RELATIVE TO THE DELEGATION TO THE ASSOCIATION OF RIGHTS TO MAKE ASSESSMENTS AND PERFORM ALL ACTS REQUIRED BY THESE COVENANTS. THE CONDOMINIUM DOCUMENTS MAY GRANT NON-EXCLUSIVE EASEMENTS FOR USE SPECIFIED COMMON AREAS OF THE CONDOMINIUM SUBJECT TO APPROPRIATE USE, MAINTENANCE AND ASSESSMENT PROVISIONS.

IN WITNESS WHEREOF, Developer, CHS Properties, Inc. has caused these Covenants to be duly executed as of the day and year first above written.

Instrument 506808 Page 81 of 83

CHS PROPERTIES, INC.
an Alabama corporation

By: Doug Warren
Its: VICE-PRESIDENT

STATE OF ALABAMA)
COUNTY OF BALDWIN)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Doug Warren, whose name as Vice President of CHS Properties, Inc. 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, as such President and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 16th day of Aug., 1999.

[Signature]
Notary Public

(SEAL)

My Commission expires Aug. 7, 2000.
NOTARY PUBLIC STATE OF ALABAMA AT LARGE.
BONDED THROUGH NOTARY PUBLIC UNDERWRITERS

This instrument was prepared by:

Samuel Kaufman, Esquire
KAUFMAN & ROTHFEDER, P.C.
4740 Zelda Road
Post Office Drawer 4540
Montgomery, Alabama 36104-4540
(334) 244-1111
C:\WINDOWS\TEMP\COVENANT.2.wpd
August 16, 1999 (9:51AM)



EXHIBIT "A"

**MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LIVE OAK VILLAGE**

(Live Oak Village Phase I Property Description)

Commence at the Northwest corner of the Southwest Quarter of Section 17, Township 7 South, Range 4 East, Baldwin County, Alabama; Run thence S 00° 03' 37" E, 40.0 feet to the South Right-of-Way line of Baldwin County Highway No. 24 (80.0' wide Right-of-Way); Run thence N 89° 42' 38" E, along said South Right-of-Way line, 1592.75 feet to the POINT OF BEGINNING of the property herein described; Continue thence N 89° 42' 38" E, along said South Right-of-Way line, 1043.98 feet to the intersection of the South Right-of-Way line of Baldwin County Highway No. 24 and the West Right-of-Way line of Cedar Street (60' Right-of-Way); Run thence S 00° 02' 55" W, along said West Right-of-Way line, 461.44 feet; Run thence, departing said West Right-of-Way line, S 58° 40' 29" W, 248.95 feet; Run thence S 89° 32' 28" W, 495.98 feet; Run thence N 59° 23' 42" W, 214.71 feet; Run thence West, 40.0 feet; Run thence South, 431.70 feet; Run thence Southeastwardly, along an arc to the left having a radius of 30.0 feet, an arc distance of 47.12 feet (Chord: S 45° 00' 00" E, 42.43 feet); Run thence East, 873.04 feet; Run thence Northeastwardly along an arc to the left, having a radius of 30.0 feet, an arc distance of 47.10 feet (Chord: N 45° 01' 27" E, 42.41 feet) to the West Right-of-Way line of Cedar Street; Run thence S 00° 02' 55" W, along said West Right-of-Way line, 140.0 feet; Run thence Northwestwardly along an arc to the left, having a radius of 30.0 feet, an arc distance of 47.15 feet (Chord: N 44° 58' 33" W, 42.44 feet); Run thence West, 1012.92 feet; Run thence North 80.0 feet; Run thence Northeastwardly along a curve to the left, having a radius of 30.0 feet, an arc distance of 47.12 feet (Chord: N 45° 00' 00" E, 42.43 feet); Run thence North 881.96 feet; Run thence Northwestwardly along a curve to the left, having a radius of 30.0 feet, an arc distance of 47.28 feet (Chord: N 45° 08' 41" W, 42.53 feet) to the POINT OF BEGINNING, containing 15.6 acres, more or less.

EXHIBIT "B"

**MASTER DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LIVE OAK VILLAGE**

(Live Oak Village Overall Property Description)

The Southwest Quarter of Section 17, Township 7 South, Range 4 East, located at the Southeast intersection of City Street and Highway 24, less and except any portion thereof heretofore conveyed to the City of Foley and any portion lying within any recorded right of way or roadway, more particularly described as follows:

Commencing at the Northwest corner of the Southwest Quarter of Section 17, Township 7 South, Range 4 East, Baldwin County, Alabama; thence run South 00 degrees, 03 minutes, 37 seconds, East, along the West line of said Section 17, 40.00 feet to a point on the South right of way of Baldwin County Highway No. 24; thence run North 89 degrees, 42 minutes, 38 seconds, East along said right of way, 152.85 feet to the point of beginning of the property herein described; thence continue North 89 degrees, 42 minutes, 38 seconds, East, along said South right of way of Baldwin County Highway No. 24, 2483.88 feet to a point where said South right of way intersects the West right of way of Cedar Street; thence run South 00 degrees, 02 minutes, 55 seconds, West along the West right of way of Cedar Street, 2574.84 feet to a point where said West right of way intersects the North right of way of Peachtree Avenue; thence run North 89 degrees, 58 minutes, 08 seconds, West, along the North right of way of Peachtree Avenue, 2533.99 feet to the East boundary of the City of Foley "Airport Property;" thence run North 00 degrees, 03 minutes, East, 1319.88 feet; thence run North 02 degrees, 56 minutes, 01 seconds, East, 1001.50 feet; thence run North 00 degrees, 01 minutes, 01 seconds, West, 240.85 feet to the Point of Beginning, containing 148.5 acres, more or less.