

DECLARATION OF COVENANTS CONDITIONS, AND RESTRICTIONS
FOR
BRADFORD FARMS

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

Is made this 11th day of November 1993, by Breland Homes, Inc., an Alabama corporation, (hereinafter referred to as "Declarant"), and the undersigned homeowners of Champions Green and Green Springs formerly known as the Villages of Madison, (hereinafter referred to as "Owners")

Declarant and Owners are the owners of the real property described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant and Owners intend by this Declaration to impose upon the Properties (as defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within the Properties. Declarant and Owners desire to provide a flexible and reasonable procedure for the overall development of the Properties, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Properties as are now or hereafter subjected to this Declaration;

Declarant and Owners hereby declare that all of the property described in Exhibit "A" and any additional property as is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which or for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner thereof.

Article I
Definition

- Section 1. "Area of Common Responsibility" shall mean the Common Area together with those areas, if any, which by the terms of this Declaration, by supplemental declaration, or by contract or agreement with any Neighborhood; become the responsibility of the Association. The office of any property manager employed by or contracting with the Association, if located on the Properties, or any public rights-of-way within or adjacent to the Properties, may be part of the Area of Common Responsibility.
- Section 2. "Articles of Incorporation" or "Articles" shall mean the Articles of Incorporation of Bradford Farms Homeowners, Inc. is filed with the Secretary of State of the State of Alabama.
- Section 3. "Association" shall mean Bradford Farms Homeowners Association, Inc., an Alabama nonprofit corporation, its successors or assigned. The "Board of Directors" or "Board" shall be the elected body having its normal meaning under Alabama corporate law. The use of the term "association" or "associations" in lower case shall refer to any other owners association having jurisdiction over any part of the Properties.
- Section 4. "Base Assessment" shall mean assessments levied against all lots in the Properties to fund Common Expenses.
- Section 5. "By-Laws" shall mean the By-Laws of Bradford Farms Homeowners Association, Inc., attached hereto as Exhibit "C" and incorporated herein by reference, as they may be amended from time to time.

- Section 6. “Class “B” Control Period” shall mean the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors, as provided in Article III, Section 2, of the By-Laws.
- Section 7. “Common Area” shall be an inclusive term referring to all General Common Area and all exclusive Common Area, as defined herein. The initial Common Area shall be conveyed to the Association by the Owners and Declarant contemporaneous to the execution hereof.
- Section 8. “Common Expenses” shall mean and include the actual and estimated expenses incurred by the Association for the general benefit of all Lot Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.
- Section 9. “Community Wide Standard” shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors and the New Construction Committee.
- Section 10. “Declarant” shall mean Breland Homes, Inc., an Alabama corporation, or its successors, successors-in-title or assigns who take title to any portion of the property described on Exhibits “A” or “B” for the purpose of development and sale and are designated as the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant.
- Section 11. “Exclusive Common Area” shall mean certain portions of the Common Area which are for the exclusive use and benefit of one or more, but less than all, Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of Exclusive Common Areas shall be assessed against the Owners of Lots in only those Neighborhoods which are benefitted thereby as a Neighborhoods Assessment, as defined herein. By way of illustration and not limitation, Exclusive Common Areas may include entry features exclusively for a particular Neighborhood or Neighborhoods and maintained exclusively by Neighborhood Assessments. Initially, any Exclusive Common Areas shall be designated as such and assigned in the deed conveying the Common Area to the Association. A portion of the Common Area may be assigned as Exclusive Common Area of a particular Neighborhood or Neighborhoods and Exclusive Common Area may be reassigned upon the vote of a majority of the total Association vote, including a majority of the votes within the affected Neighborhood (s).
- Section 12. “General Common Area” shall mean all real and personal property which the Association now or hereafter owns or otherwise holds for the common use and enjoyment of all Lot Owners.
- Section 13. “Master Land Use Plan” shall mean the Subdivision Layout Plan for the development of the property described on Exhibits "A" and "B" most recently approved by the City of Madison, Alabama, as it may be amended from time to time.
- Section 14. “Member” shall mean a Person entitled to membership in the Association, as provided herein.
- Section 15. “Mortgage” shall mean a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.
- Section 16. “Mortgagee” shall mean a beneficiary or holder of a Mortgage.
- Section 17. “Mortgagor” shall mean Person who gives Mortgage

- Section 18. “Neighborhood” shall mean each separately developed and denominated residential area comprised of One (1) or more housing types subject to this Declaration whether or not governed by an additional owners association, in which owners may have common interest other than those common to all Association members, such as a common theme, entry feature, development name, and/or common areas which are not available for use by all Association Members. For example, and by way of illustration and not limitation, each cluster home development, and single-family detached housing development may constitute a separate Neighborhood. In addition, each parcel of land intended for development as any of the above may constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association (as defined in Article III, Section 3) having jurisdiction over the property within the Neighborhood. Neighborhoods may be divided or combined in accordance with Article III, Section 3, of this Declaration.
- Section 19. “Neighborhood Assessments” shall mean assessments levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses. Any Neighborhood Assessment shall be levied equally against all Lots in the Neighborhood benefitting from the services supported thereby, provided that in the event of assessments for exterior maintenance of structures, or insurance on structures, or replacement reserves which pertain to particular structures, such assessments for the use and benefit of particular Lots shall be levied on a pro rata basis among the benefitted Lots.
- Section 20. “Neighborhood Expenses” shall mean and include the actual and estimated expenses incurred by the Association for the benefit of Owners of Lots within a particular Neighborhood, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein.
- Section 21. “Owner” shall mean one (1) or more Persons who hold the record titled to any Lot which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded contract of sale and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner.
- Section 22. “Person” means a natural person, a corporation, a partnership, a trustee, or other legal entity.
- Section 23. “Properties” shall mean the real property described in Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by Supplemental Declaration.
- Section 24. “Special Assessment” Shall mean assessments levied in accordance with Article X, Section 4 of this Declaration.
- Section 25. “Supplement Declaration” Shall mean an amendment or supplement to this Declaration which subjects additional property to this Declaration or imposes, expressly or by reference, additional restrictions and obligations on the land described therein, or both.
- Section 26. “Lot” shall mean a portion of the properties, whether developed or undeveloped, intended for development, use, and occupancy as an attached or detached residence for a single family, and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single-family detached houses on separately platted lots, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided

or as provided in Supplemental Declaration covering all or part of the Properties. The term shall include all portions of the lot owned including any structure thereon.

Article II Property Right

Every Owner shall have a right and easement of enjoyment in and to the Common Area, subject to this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Lot shall be deemed to have delegated all such rights to the lessee of the Lot.

As long as Declarant has an option to annex additional property pursuant to Article VIII, Section I hereof, Declarant reserves the right to amend this Declaration unilaterally any time, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Properties then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for Bradford Farms desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for Bradford Farms.

Article III Membership and Voting Rights

Section 1. Membership. Every Owner, as defined in Article 1, shall be deemed to have a membership in the Association.

No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by a Member or the Member's spouse, subject to the provisions of this Declaration and the By-Laws. The membership rights of a Lot owned by a corporation or partnership shall be exercised by the individual designated by the Owner in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the By-Laws.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) "Class A". Class "A" Members shall be all Owners with the exception of the Class "B" Member, if any.

Class "A" Member shall be entitled to one (1) equal vote for each Lot in which they hold the interest required for membership under Section I hereof and for which a full assessment is being paid, and one (1) vote for every four (4) Lots which are being assessed at a reduced rate, as provided in Article X, Section 1, of this Declaration. When calculating the number of votes for Lots which are being assessed at a reduced rate, the number of such Lots shall be rounded to the nearest whole number that is divisible by four (4), provided, however, in any event, the Owner of Lots which are being assessed at a reduced rate shall be entitled to cast at least one (1) vote. In no event shall a Member be permitted to cast a fraction of a vote.

In any situation where a Member is entitled personally to exercise the vote for his Lot and more than one (1) Person holds the interest in such Lot required for membership, the vote for such Lot shall be exercised as those Persons determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended if more than one (1) Person seeks to exercise it.

- (b) Class "B". The Class "B" Member shall be the Declarant. The rights of the Class "B" Member, including the right to approve actions, taken under this Declaration and the By-Laws, are specified elsewhere in the Declaration and the By-Laws. The Class "B" Member shall be entitled to, in its sole discretion, appoint the members of the Board of Directors during the Class "B" control period, subject only to Article III, Section 6, of the By-Laws. The Class "B" Control Period shall terminate, and the Class "B" membership shall terminate and become converted to Class "A" membership, upon the earlier of:
- (i) when all of the Lots permitted by the Master Land Use Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than Declarant or builders holding title solely for the purposes of development and sale;
 - (ii) January 1, 2005; or
 - (iii) When, in its discretion, the Declarant so determines. Notwithstanding any provision to the contrary contained in this Declaration or the By-Laws, during the Class "B" Control Period, any action, policy or program of the Association requiring approval of the Members of the Association shall not be taken or adopted until also approved in writing by the Class "B" Member.

Section 3. Neighborhoods. Every Lot shall be located within a Neighborhood as defined in Article 1. The Lots within a particular Neighborhood may be subject to additional covenants and/or the Owners may all be members of another owners association ("Neighborhood Association") in addition to the Association, but no such Neighborhood Association shall be required. Any Neighborhood which does not have a Neighborhood Association shall elect a Neighborhood Committee, as described in Article V, Section 3, of the By-Laws, to represent the interests of Owners of Lots in such Neighborhood.

Each Neighborhood Association or Committee, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Neighborhood, may request that the Association provide a higher level of service or special services for the benefit of Lots in such Neighborhood, the cost of which shall be assessed against the benefitted Lots as a Neighborhood Assessment pursuant to Article X.

Initially, each portion of the Properties which is separately owned and which, at the time it is subject to the Declaration, is intended for separate development as two (2) or more Lots shall constitute a Neighborhood. The Developer of any such Neighborhood may apply to the Board of Directors to divide the parcel constituting the Neighborhood into more than one (1) Neighborhood or to combine two (2) Neighborhoods into one (1) Neighborhood at any time. Upon a petition signed by majority of the owners in the Neighborhood, any Neighborhood Association or Neighborhood Committee may also apply to the Board of Directors to divide the property comprising the Neighborhood into two (2) or more Neighborhoods or to combine two (2) Neighborhoods into one (1) Neighborhood. Any such application shall be in writing and shall include a plat of survey of the entire parcel, which indicates the boundaries of the proposed Neighborhood. A Neighborhood division requested by the Neighborhood or by the parcel developer shall automatically be deemed granted unless the Board of Directors denies such application in writing within thirty (30) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

Article IV
Maintenance

Section 1. Association's Responsibility. The association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. This maintenance shall include but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon the Common Areas, of the entry features to the properties, medians and vehicle islands, drainage systems, any recreational facilities on the Common Areas and such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or by a contract or agreement for maintenance thereof by the Association.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of General Common Areas shall be a Common Expense to be allocated among all Lots as part of the Base Assessment. All costs associated with maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed as a Neighborhood assessment solely against the Lots within the Neighborhood (s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

The Association may, in the discretion of its Board, assume the maintenance responsibilities for any Neighborhood set out in this Declaration or in any Supplemental Declaration or declaration subsequently recorded which creates any Neighborhood Association upon all or any portion of the Properties. In such event, all costs of such maintenance shall be assessed only against the Lots within the Neighborhood to which the services are provided. This assumption of responsibility may take place either by contract or agreement or because, in the opinion of the Board, the level and quality of service are provided is not consistent with the Community Wide Standard of the Properties. The provision of services in accordance with this Section shall not constitute discrimination within a class.

The Association shall also have the right, but not the obligation, to enter into easements and covenants to share costs agreements with Persons owning property in vicinity of the Properties, specifically included, but not limited to, Persons owning and operating rental apartment developments in the vicinity of the Properties. Such easements and covenants to share costs agreements may provide for the Person owning such property to pay some portion of the Common Expenses; however, in no event shall the tenants of any apartment development have the right to use recreational facilities on the Common Areas solely by virtue of being a tenant in, an apartment development, unless expressly so permitted in such easements and covenants to share costs agreements or as may be otherwise permitted by the Board.

The Association may maintain property, which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community Wide Standard.

Section 2. Owner's Responsibility. Each Owner shall maintain his or her Lot and all structures of the Lot, parking areas, fences and other improvements comprising the Lot in a manner consistent with the Community Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association, a Neighborhood Association, or a Neighborhood Committee, pursuant to any additional declaration of covenants applicable to such Lot. If any Owner fails properly to perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association against the Lot and the Owner thereof in accordance with Article X, Section 4 of this Declaration; provided, however, except when entry is required due to emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.

Section 3. Neighborhood's Responsibility. Upon resolution of the Board of Directors, each Neighborhood shall be responsible for paying, through Neighborhood Assessments, cost of maintenance of

certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood, which may include, without limitation, the cost of maintenance of any right of way and green space between the Neighborhood and adjacent public roads, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association.

Any Neighborhood Association having responsibility for maintenance of all or a portion of property within a particular Neighborhood pursuant to a declaration of covenants affecting the Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community Wide Standard. If any such Neighborhood Association fails to perform its maintenance responsibility as required herein and in any additional declaration, the Association may perform it and assess the costs against all Lots within such Neighborhood Association as provided in Article X, Section 4 of this Declaration.

Article V Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket, all-risk insurance, if reasonably available, for all insurable improvements on the Common Area. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, upon request of a Neighborhood, but not be obligated to obtain and continue in effect adequate blanket all-risk casualty insurance, if reasonably available, and not reasonably available, then at a minimum, fire and extended coverage, in such form as the Board of Directors deems appropriate for one hundred percent (100%) of the replacement cost of all structures located on Lots within the neighborhood and/or common property of the Neighborhood Association, and charge the costs thereof to the Owners of Lots within the benefitted Neighborhood as a Neighborhood Assessment, as defined in Article I hereof.

Insurance obtained on the properties within any Neighborhood, whether obtained by such neighborhood or the Association, shall at a minimum comply with the applicable provision of this Section 1, including the provisions of this Article applicable to policy provisions, loss adjustment, and all other subjects to this Article applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance to be furnished to each Member insured, to the Association, and to the Neighborhood Association, if any.

The Board shall also obtain a public liability policy covering the Common Area, the Association and its Members, for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million (\$1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Three Million (\$3,000,000.00) Dollar limit per occurrence, if reasonably available, and a Five Hundred Thousand (\$500,000.00) Dollar minimum property damage limit.

Except as otherwise specifically provided herein, premiums for all insurance on the Common Area shall be Common Expenses of the Association and shall be included in the Base Assessment, as defined in Article I and as more particularly described in Article X, Section 1; provided, in the discretion of the Board of Directors, premiums for insurance on Exclusive Common Areas may be included in the Neighborhood Assessment of the Neighborhood benefitted thereby. The policy may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefitted parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) All policies shall be written with a company licensed to do business in Alabama which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.
- (b) All policies on the Common Area shall be for the benefit of the Association and its Members; all policies secured at the request of a Neighborhood shall be for the benefit of the Neighborhood Association, if any, the Owners within the Neighborhood and their Mortgagees, as their interests may appear.
- (c) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.
- (d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.
- (e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Madison County, Alabama, area.
- (f) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:
 - (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guest;
 - (ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;
 - (iii) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of any one or more individual Owners;
 - (iv) a statement that no policy may be canceled, invalidated, suspended, or subject to nonrenewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or Mortgagee;
 - (v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
 - (vi) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available and flood insurance, if required. In addition, the Board shall obtain or cause to be obtained a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if reasonably available. The amount of fidelity coverage shall be determined in the director's best business judgment but, if reasonably available, may not be less than three (3) months' assessments on all Lots, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without

compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

Section 2. Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Unit(s) and structures constructed thereon meeting the same requirements as set forth in Section 1 of this Article V for insurance on the Common Area, unless the Neighborhood Committee or Neighborhood Association for the Neighborhood in which the Lot is located or the Association carries such insurance (which they are not obligated to do hereunder). Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of structures comprising his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XI of this Declaration. The Owner shall pay any costs of repair or reconstruction which is not covered by insurance proceeds. In the event that the structure is totally destroyed the Owner may decide not to rebuild or to reconstruct, in which case the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the Community Wide Standard.

A Neighborhood Association may impose more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Lots subject to its jurisdiction and the standard for returning the Lots to their natural state in the event the structures are not rebuilt or reconstructed.

Section 3. Damage and Destruction.

- (a) Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repairs or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.
- (b) Any damage or destruction to the common property of any Neighborhood Association shall be repaired or reconstructed unless the Members representing at least seventy-five percent (75%) of the total vote of the Association shall decide in sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgage shall have the right to participate in the determination of whether the damage or destruction to Common Area or common property of a Neighborhood Association shall be repaired or reconstructed.
- (c) In the event that it should be determined in the manner described above that the damage or destruction to the Common Area or to common property of any Neighborhood Association, shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association, or the Neighborhood Association, as applicable, in neat and attractive condition consistent with the Community Wide Standard.

Section 4. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment if such repairs or reconstruction as

herein provided. Any proceeds remaining after defraying such cost of repair or reconstruction to the common area shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected owner or owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot and may be enforced by such Mortgagee.

Section 5. Repair and Reconstruction. If the damage or destruction to the Common Area or to the common property of a Neighborhood Association for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners on the same basis as provided for Base Assessments; however, if damages or destruction involves the common property of a Neighborhood Association, only the owners of Lots in the affected Neighborhood Association shall be subject to assessment therefore. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VI Partition

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property or real property, nor from acquiring title to real property, which may or may not be subject to this Declaration.

Article VII Condemnation

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least two-thirds (2/3) of the total Association vote and the Declarant, as long as the Declarant owns any property described on Exhibits "A" or "B") by any authority having the owner of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" of this Declaration, and Members representing at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in accordance with the plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article VIII Annexation of Additional Property

Section 1. Annexation without Approval of Class "A" Membership.

As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option, from time to time at any time until all property described on Exhibit "B" has been subject to this Declaration or January 1, 2005, whichever is earlier, to subject to the provision of Declaration and the jurisdiction of the Association all or any portion of the real property described in Exhibit "B", attached hereto and by reference made a part hereof. Such annexation shall be accomplished by filing in the public records of Madison County, Alabama, a Supplemental Declaration annexing such property. Such Supplement Declaration shall not require the consent of Members. Any such annexation shall be effective upon the filing for record of such Supplement Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other Person the said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

- Section 2. Annexation with Approval of Class "A" Membership. Subject to the consent of the owners, the Association may annex real property other than that described on Exhibit "B", and following the expiration of the right in Section 1, any property described on Exhibit "B", to the provisions of this Declaration and the jurisdiction of the Association. Such annexation shall require the affirmative vote of Members representing a majority of the Class "A" votes of the Association (other than those held by Declarant) present at a meeting duly called for such a purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject hereto in accordance with Section 1 of this Article. Annexation shall be accomplished by filing of record in the public records of Madison County, Alabama, a Supplement Declaration describing the property being annexed. Any such Supplement Declaration shall be signed by the President and Secretary of the Association, and by the owner of the property being annexed and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 2 and to ascertain the presence of a quorum at such meeting.
- Section 3. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the properties described in Exhibits "A" or "B" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the association at its expense for the benefit of all its Members.
- Section 4. Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B" hereof.

Article IX Rights and Obligation of the Association

- Section 1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipments related thereto and common landscape areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community Wide Standards.
- Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or

personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant, or the Owners.

Section 3. Rules and Regulations. The Association, through its Board of Directors, may make and enforce rules and regulations governing the use of the Properties, which rules and regulation shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the recreational facilities. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided in the By-Laws of the Association.

The Association, through the Board, by contract or other agreement, shall have the right to enforce city and county ordinance or permit the City of Madison and the County of Madison to enforce ordinances on the Properties for the benefit of the Association and its Members

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and 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.

Section 5. Powers of the Association with Respect to Neighborhoods. The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association or Neighborhood Committee which the Board reasonably determines to be adverse to the interest of the Association or its Members or inconsistent with the Community Wide Standard. The Association shall also have the power to require specific action to be taken by any Neighborhood Association or Neighborhood Committee in connection with its obligations and responsibilities hereunder or under any other covenants affecting the Properties. Without limiting the generality of the foregoing, the Association may require specific maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood Association or Neighborhood Committee, may require that a proposed budget include certain items and that expenditures be made therefore, and may veto or cancel any contract providing for maintenance, repair, or replacement of the property governed by such Neighborhood Association or Neighborhood Committee.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Neighborhood Association or Neighborhood Committee shall be taken within the time frame set by the Association in such written notice. If the Neighborhood Association or Neighborhood Committee fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Neighborhood Association or Neighborhood Committee and shall assess the Lots in such Neighborhood for their pro rata share of any expenses incurred by the Association under the circumstances (to cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association) in the manner provided in Article X, Section 4. Such assessments may be collected as a Special Assessment hereunder and shall be subject to all lien rights provided for herein.

Section 6. Governmental Interest The Association shall permit the Declarant to designate sites within the Properties for fire, police, water, or sewer facilities.

Article X
Assessments

Section 1. Creation of Assessments. There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board of Directors to be commenced at the time and in the manner set forth in Section 7 of this Article. There shall be three (3) types of assessments: (a) Base Assessments to fund Common Expenses for the benefit of all Members of the Association; (b) Neighborhood Assessments for Neighborhood Expenses benefiting only Lots within a particular Neighborhood or Neighborhoods; and (c) Special Assessments as described in Section 4 below.

With exception as otherwise provided below, Base Assessments shall be levied equally on all Lots. Each Lot shall be assessed at a rate equal to twenty-five percent (25%) of the Base Assessments that would otherwise be levied against such Lot pursuant to Section 2 below until the earlier of two (2) years from the date of closing of the purchase from Declarant or the date on which a building permit is issued for the Lot. Neighborhood Assessments shall be levied on all Lots within the Neighborhood for whose benefit Neighborhood Expenses are incurred as provided in Section 3 below. Special Assessments shall be levied as provided in Section 4 below. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments.

All assessments, together with interest at a rate not to exceed eight percent (8%) per annum, computed from the date the delinquency first occurs, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with interest, cost, and reasonable attorney's fees, shall also be the personal obligation of the Person who was the owner of such Lot at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, to the extent expressly assumed; provided, no first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title. The Association shall, within five (5) days of receiving a written request therefore, furnish to any owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed fifty (\$50.00) Dollars for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of annual Base Assessment and any Neighborhood Assessment for delinquents, including owners delinquent in the payment of fines imposed in accordance with Article III, Section 22, of the By-Laws. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be paid in monthly installments.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of the Lot. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

So long as the Declarant has an option unilaterally to subject additional property to this Declaration, in lieu of paying regular assessments on unsold Lots which it owns, the Declarant shall pay to the Association the difference between the amount of assessments levied on all Lots subject to assessment and the amount of actual expenditures required to operate the Association

during the fiscal year. This obligation may be satisfied in the form of a cash subsidy or by “in kind” contributions of services or materials, or a combination of these.

The Association is specifically authorized to enter into subsidy contracts or contracts for “in kind” contribution of services or materials or a combination of services and materials with Declarant or other entities for the payment of some portion of the Common Expenses; however, the Veterans Administration shall be advised of and approve any form of subsidy contract entered into between the Declarant and the Association.

Section 2. Computation of Base Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of each fiscal year, to prepare a budget covering the estimated Common Expenses of the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared. The Base Assessment to be levied for the coming year against each Lot subject to assessment under Section 7 below shall be computed by dividing the budgeted Common Expenses by the total number of Lots shown on the Master Land Use Plan as of sixty (60) days before the end of the current fiscal year. The Board shall cause a copy of the Common Expense budget and notice of the amount of Base Assessment to be levied against each Lot for the following year to be delivered to each Owner, at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the Members by the vote of at least two-thirds (2/3) of the total Class “A” vote in the Association and by the vote of the Class “B” Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in Article 11, Section 4, of the By-Laws.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

Section 3. Computation of Neighborhood Assessments. It shall be the duty of the Board, at least sixty (60) days before the beginning of each fiscal year, to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. The Neighborhood Association or Committee for each Neighborhood may request that additional services or a higher level of services be provided by the Association, and in such case, any additional cost shall be added to the budget. Such budget may include a capital contribution establishing a reserve fund for repair and replacement of capital items within the Neighborhood, as appropriate. Neighborhood Expenses shall be allocated among Lots within the Neighborhood benefitted thereby in the same manner as Base Assessments under Section I and 2 of this Article X, and levied as a Neighborhood Assessment. The Board shall cause a copy of such budget and notice of the amount of the Neighborhood Assessment to be levied on each Lot in the Neighborhood for the coming year to be delivered to each Owner of a Lot in the Neighborhood at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the Owners in the Neighborhood by the vote of at least two-thirds (2/3) of the Owners of Lots in the Neighborhood to which the Neighborhood Assessment applies; provided, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least ten percent (10%) of the Lots in such Neighborhood.

In the event the proposed budget for any Neighborhood is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

Section 4. Special Assessment. In addition to the assessment authorized in Section I of this Article, the Association may levy a Special Assessment or Special Assessments from time to time; provided, such assessment shall have the assent of at least two-thirds (2/3) of the votes of Class "A" Members voting in person or by proxy at a meeting duly called for this purpose, and the assent of the Class "B" Member, if such exists. So long as a Lot is assessed a reduced Base Assessment under Article X, Section 1, hereof, it shall be assessed for any Special Assessments at a rate equal to twenty-five percent (25%) of the full Special Assessment levied per Lot. Special Assessments shall be allocated in the same manner as Base Assessments under Section 2 of this Article X. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

The Association may also levy a Special Assessment against any Member to reimburse the Association for costs incurred in bringing a Member and his Lot into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, and the Association rules, which Special Assessment may be levied upon the vote of the Board after notice to the Member and an opportunity for a hearing. The Association may also levy a Special Assessment; against the Lots in any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, and the Association rules and regulation, which Special Assessment may be levied upon the vote of the Board after notice to the senior officer of the Neighborhood Association or Neighborhood Committee, as applicable, and an opportunity for a hearing.

Section 5. Lien for Assessments. Upon recording of a notice of lien on any Lot, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, is enforced by Suit, judgment, and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be assessed or levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid common expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same. Under no circumstances shall the Board suspend the voting rights of a Member for nonpayment of any assessment.

Section 6. Capital Budget and Contribution: The Board of Directors shall annually prepare a capital budget, which takes into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the budget and assessment, as provided in Section 2 of this Article.

Section 7. Date of Commencement of Annual Assessments. The assessments provided for herein shall commence as to all Units subject to the Declaration on the first day of the first month after the earlier of (i) conveyance of the first Lot to a Person other than the Declarant, or (ii) issuance of a building permit thereon. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment on each Lot shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Lot.

Section 8. Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Alabama law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or non judicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Lot obtains title pursuant to remedies under the Mortgage, its successor and assigns shall not be liable for the share of the common Expense or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all Lots, including such acquirer, its successors and assigns.

Section 9. Capitalization of Association. Upon acquisition of record title to a Lot by the first purchaser thereof other than the Declarant or an owner who purchases solely for the purpose of constructing a dwelling thereon for resale, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the amount of the annual Base Assessment per Lot that year as determined by the Board. This amount shall be deposited into the purchase and sales escrow and disbursed there from to the Association for use to cover operating expenses and other expenses incurred by the Association pursuant to the terms of this Declaration and the By-Laws.

Section 10. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

- (a) all Common Area; and
- (b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks if any.

Article XI Architectural Standards

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the committees established in Sections 1 and 2 of this Article XI. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

No construction, which term shall include within its definition staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the appropriate committee has been obtained.

Section 1. New Construction Committee. The New Construction Committee (NCC) shall have exclusive jurisdiction over all original construction on any portion of the Properties. The NCC may prepare and, on behalf of the Board of Directors, promulgate design and development guidelines and application and review procedures. Copies shall be available from the New Construction Committee for review. The guidelines and procedures shall be those of the Association, and the NCC shall have sole and full authority to prepare and to amend the guidelines and procedures. It shall make the guidelines and procedures available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and such Owners, builders and developers shall conduct their operations strictly in accordance therewith. Until one hundred percent (100%) of the Properties have been developed and conveyed to purchasers in the normal course of development and sale, the Declarant retains the right to appoint all members of the NCC, which shall consist of at least three (3), but no more than five (5), persons. There shall be no surrender of this right prior to persons. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members of the NCC in the same manner as provided in Section 2 of this Article for the Modifications Committee.

Section 2. Modifications Committee. The Board of Directors may appoint a Modifications Committee (MC) to consist of at least three (3) and no more than five (5) members, all of whom shall be appointed by the Board of Directors. The MC, if established shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Lots or structures, and the open space, if any, appurtenant thereto; however, the MC may delegate this authority to the appropriate board or committee of any Neighborhood Association subsequently created or subsequently subjected to this Declaration so long as the MC has determined that such board or committee has in force review and enforcement practices, procedures, and appropriate standards at least equal to those of the MC. Such delegation may be revoked and jurisdiction reassumed at any time by written notice.

The Modifications Committee shall promulgate detailed standards and procedures governing its areas of responsibility and practice, consistent with the Standards and procedures of the NCC. In addition thereto, the following shall apply. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, addition, or alterations, shall be submitted to the MC for approval as to quality of workmanship and design and as to harmony of external design with existing structures, location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his residence, or to paint the interior of his residence any color desired. In the event that the MC fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.

Section 3. No Waiver of Future Approvals. The approval of whether the NCC or MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

Section 4. Variance. The NCC may authorize variances from compliance with any of the provisions of the design building set back and development guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic, excusable neglect, or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) stop the Committee from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Article XII Use Restrictions

The Properties shall on be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association, or business offices for the Declarant or the Association) as may more particularly be set forth in this Declaration, amendments hereto or subsequently recorded declarations creating Neighborhood Associations subject to this Declaration. The declaration or other creating document for any Neighborhood Association may impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such standards.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of the Properties, in addition to those contained herein, and to impose reasonable user fees for use of Common Area facilities. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, canceled or modified in a regular or special meeting of the Association by the vote of Members representing a Majority of the total Class "A" votes in the Association and by the vote of the Class "B" member, so long as such membership shall exist.

Neither the Declarant, its officers, directors and employees, nor the Association, its officers, directors and employees, nor any member of the NCC or other committee, shall be liable to any Owner, or to any other Person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Declarant, the Association, or any of their respective representatives or employees, in enforcing the covenants contained in this Declaration, the By-Laws, and the rules and regulations.

Section 1. Signs. No sign of, any kind shall be erected within the Properties without the written consent of the Board of Directors. The Board of Directors or Declarant shall have the right to erect signs as they, in their discretion, deem appropriate.

Section 2. Parking and Garages. Vehicles, including motorcycles, shall be parked only in the garages or in the driveways serving Lots or in appropriate spaces or designated areas in which parking may or may not be assigned, and then subject to such reasonable rules and regulations as the Board of Directors may adopt. No parking shall be permitted on any street, except temporarily for social gatherings or other functions held in a Lot as may be approved by the Board. No garage may be altered in such a manner that the number of vehicles which may reasonably be parked therein after the alteration is less than the number of vehicles that could have reasonably been parked in the garage as originally constructed.

All disabled vehicles, stored vehicles, vehicles primarily used for commercial purposes, vehicles with commercial writing on their exterior, tractors, mobile homes, motor homes, recreational vehicles, trailers of any kind (either with or without wheels), campers, boats and other watercraft must be parked entirely within a garage or within the side yard or back yard of a Lot totally screened from view of other Lots, the Common Area and the street, unless otherwise permitted by the Board. Notwithstanding the above, commercial vehicles shall be allowed on the Properties during normal business hours for the purpose of serving a Lot or the common Area; provided, no such vehicle shall be permitted to remain on the Property overnight or for any purpose other than serving a Lot or the Common Area.

For purposes of this Section, a vehicle shall be considered “disabled” if (a) it does not have a current license tag or is obviously inoperable, and (b) is parked on the Property for more than fourteen (14) consecutive days. A vehicle shall be considered “stored” if (a) it is set on blocks or covered with a tarpaulin, and (b) remains on blocks or covered with a tarpaulin for fourteen (14) consecutive days or longer without the prior written permission of the Board of Directors.

If any vehicle is parked in violation of this Section, the Board may place a notice on the vehicle specifying the nature of the violation and stating that after two (2) days the vehicle may be towed. The notice shall include the name and telephone number of a person to contact regarding the alleged violation. If two (2) days after such notice is placed on the vehicle the violation continues, or if the violation occurs again within twelve (12) months of such notice, the vehicle may be towed in accordance with the notice, without further notice to the Owner or user of the vehicle. If a vehicle is parked in a fire lane, or is blocking a fire hydrant, or is blocking another vehicle, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed in accordance with this Section, neither the Association nor any officer or agent of the Association shall be liable to any person for any claim or damage as a result of the towing activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow, as set forth herein.

Section 3. Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Lot.

Section 4. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats, or other usual and common household pets may be permitted to a Lot. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs that are household pets shall at all times whenever they are outside a Lot be under the control of a person.

Section 5. Nuisance. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Properties.

Section 6. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Properties.

Section 7. Antennas. No exterior antennas, aerials, satellite dishes, or other apparatus for the reception or transmission of television, radio, or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Properties, including any Lot, without the prior written consent of the Board or its designee. The Declarant and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna or

cable system for the benefit of all or a portion of the Properties, should any such master system or system be utilized by the Association and require any such exterior apparatus.

Section 8. Clotheslines, Garbage Cans, Tanks, Etc. All clotheslines, garbage cans, above-ground tanks, and other similar items shall be located or screened so as to be concealed from view of neighboring Lots, streets, and property located adjacent to the Lot. All rubbish, trash, and garbage shall be regularly removed from the Properties and shall not be allowed to accumulate thereon.

Section 9. Subdivision of Lots. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Association. Declarant, however, hereby expressly reserves the right to re-plot any Lot or Lots owned by Declarant. Any such division, boundary line change, or re-plotting shall not be in violation of the applicable subdivision and zoning regulations.

Section 10. Pools. No above ground pools shall be erected, constructed or installed on any Lot.

Section 11. Fences. No fence shall be erected constructed or installed on any Lot, or permitted to remain, without prior written approval by the NCC, or MC as provided hereinabove.

Section 12. Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, lakes, ponds, wetlands, canals or other ground or surface waters within the properties shall be installed, constructed or operated within the Properties unless prior written approval has been received from the NCC. All sprinkler and irrigation systems shall be subject to approval in accordance with Article XI of this Declaration.

Section 13. Tents, Trailers and Temporary Structures. Except as may be permitted by the NCC during initial construction within the Properties, no tent, utility shed, shack, trailer or other structure of a temporary nature and no permanent or temporary outbuildings shall be placed upon a Lot or any part of the Properties without prior written approval by the NCC or MC as provided for hereinabove.

Section 14. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person other than Declarant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves a perpetual easement across the Properties for the purpose of altering drainage and water flow. Septic systems are prohibited on the Properties.

Section 15. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 16. Utility lines. No overhead utility lines, including lines for cable television, shall be permitted within the Properties, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes.

Section 17. Air Conditioning in Lots. Except as may be permitted by the Board or its designee, no window air conditioning units may be installed in any Lot

Section 18. Artificial Vegetation, Exterior Sculptures, and Similar Items. No artificial vegetation, sculptures, fountains, or similar items shall be permitted on the exterior of any portion of the Properties without prior approval, in accordance with Article XI of this Declaration.

Section 19. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the appropriate committee pursuant to Article XI hereof.

Section 20. Leasing of Lots.

(a) Definition. "Leasing," for purpose of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person or persons other than the owner for which the owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or other payment.

(b) General. Residences upon Lots may be rented only in their entirety; no fraction or portion may be rented. There, shall be no Subleasing of residences or assignment of leases unless prior written approval is obtained from the Board of Directors. No transient tenants may be accommodated in a residence upon a Lot. All leases shall be in writing and shall be for an initial term of no less than one (1) year, except with the prior written consent of the Board of Directors. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the rules and regulations.

(c) Compliance with Declaration, By-Laws and Rules and Regulations. Every Owner shall Cause all occupants of his or her Lot to comply with the Declaration, By-Laws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants upon a Lot are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and rules and regulations adopted pursuant thereto.

Section 21. Parks. Any park or other play area or equipment furnished by the Association or erected within the Properties, if any, shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 22. Fences. No dog runs, animal pens or fences of any kind shall be permitted on any Lot except as approved in accordance with Article XI of this Declaration.

Section 23. Business use. No trade or business may be conducted in or from any Lot, except that an Owner or occupant residing upon a Lot may conduct business activities upon the Lot so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the residence upon the Lot; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefore. Notwithstanding the above, the leasing of a Lot in accordance with Section 22 of this Article shall not be considered a trade or business within the meaning of this Section.

Section 24. Building Requirements.

(a) Building Size. The floor area of any residence, exclusive of open porches and garages, shall not be less than 1,400 square feet for a single-family detached house.

(b) Setbacks. Setback requirements are those set forth on the Master Land Use Plan, as may be varied or amended by an ordinance of the City of Madison, Alabama, or other proper governmental authority. For the purpose of this provision, driveways, walks and steps shall not be considered as a part of the Lot; however, that no portion of any Lot shall encroach upon another Lot. If two (2) or more Lots are consolidated into one (1) building site, the setback provision shall be applied to such resultant building site as if it were one originally platted Lot; however, such consolidated Lot shall have membership and voting rights, and shall pay assessments based on the number of Lots originally shown on the Master Land Use Plan for such consolidated Lot.

(c) Composition of Driveways and Sidewalks. No driveway or sidewalk shall consist of any material other than exposed aggregate or cement unless otherwise approved by the NCC or MC.

(d) Sidewalks. All Owners, except Declarant, at their own expense, shall construct and maintain a sidewalk which parallels the street which is adjacent to the Lot. If the Lot is a corner Lot, this requirement shall apply to the sidewalks along the side street also. Sidewalks must be completed within one (1) year from the date of closing of the purchase from Declarant, unless at such time the Lot is under construction. All sidewalks shall be constructed to comply with ordinances of the City of Madison, Alabama.

Section 25. Mail Boxes. No mailbox, postal receptacle, or newspaper receptacle shall be constructed upon a lot or affixed to a residence without prior approval of the ACC, and in accordance with size and type guidelines as established by the ACC.

Article XIII
General Provision

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each Successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

Section 2. Amendments. Prior to the conveyance of the first Lot and subject to the provisions of Article XIV, Section 6, hereof, Declarant may unilaterally amend this Declaration. After such conveyance, the Declarant may amend this Declaration so long as it still owns property described in Exhibit "A" and "B" for development as part of the Properties and so long as the amendment has no material adverse effect upon any right of any Owner; thereafter and otherwise, this Declaration may be amended only by the affirmation vote or written consent, or any combination thereof, of Members representing two-thirds of the total votes of the Association, including two-thirds percent of the votes held by Members other than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public records of Madison County, Alabama. If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision

in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Indemnification. The Association shall indemnify every officer, director, and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, or committee member, or former officer, director, or committee member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 4. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, is measured from any point on the common boundary between each Lot and the adjacent portion of the Common Area or as between said adjacent lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall, an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, tenant, or the Association.

Section 5. Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as the Declarant owns any property described on exhibits "A" or "B", the Association, and the designees of each (which may include, without limitation, Madison County, Alabama, and any utility), blanket easements upon, across, over, and under all of the Common Areas and, to the extent shown on any plat, over the Lots for ingress, egress, installation, replacing, repair, and maintaining cable television systems, master television antenna systems, security, and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier easements across all Lots on the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining water meter boxes.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement on said Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Area, subject to such approval requirements as may be contained in Article XIV, Section 2 of this Declaration.

Section 6. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 7. Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. This right of entry shall include the right of the Association to enter upon a Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

Section 8. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth 11, Queen of England.

Section 9. litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the Members, which shall include approval by a vote of seventy-five percent (75%) of all Owners in each Neighborhood. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitations, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article X hereof, (c) proceedings involving challenges to advalorem, taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the approved by the percentage votes, and pursuant to the same procedures necessary to institute proceedings, is provided above.

Section 10. Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood Association and the Association may, but not be required to, enforce the latter; however, in the event of conflict between or among such Covenants and restrictions, and provisions of any articles of incorporation, By-Laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood Association shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 11. Use of the Words "Bradford Farms". No Person shall use the words "Bradford Farms" or any derivative thereof in any print or promotional material without the prior written consent of the Declarant. However, owners may use the term "Bradford Farms" in print or promotional matter where such term is used solely to specify that particular property is located within the Bradford Farms community.

Article XIV
Mortgage Provisions

The following provisions are for the benefit of holders of first Mortgages on Lots in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by Such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by any Owner of a Lot Subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Lot of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of eligible holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the first Mortgagees, or Class "A" Members representing at least two-thirds (2/3) of the total Class "A" vote in the Association entitled to be cast thereon, and the Class "B" Member, if such exists, consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (The granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection.);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot (A decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Properties regarding assessments for Neighborhood or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.);

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute, change, waiver, or abandonment within the meaning of this provision.);

(d) fail to maintain insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 4. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

Section 5. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 6. Veterans Administration Approval. As long as the "B" membership exists, the following actions shall require the prior approval of the Veterans Administration: annexation of additional property to this Declaration, except for annexation by Declarant in accordance with Article VIII, Section 1, hereof pursuant to a plan of annexation previously approved by the Veterans Administration; dedication of Common Area to any public entity; and amendment of the Declaration, By-Laws or Articles of Incorporation.

Section 7. Applicability of Article XIV. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or Alabama law for any of the acts set out in this Article.

Section 8. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Article XV Declarant's Rights

Any or all of the special rights and obligations of the Declarant may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the public records of Madison County, Alabama. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the property set forth in Exhibit "B" in any manner whatsoever.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots still continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Areas such facilities and activities as, portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, model units, and sales offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Lots owned by the Declarant and any clubhouse or community center which may be owned by the Association, as models and sales offices, respectively.

So long as Declarant continues to have rights under this paragraph, no Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of condominium or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

This Article may not be amended without the express written consent of the Declarant. The rights contained in this Article shall terminate only upon the recording by Declarant of a written statement that all sales activity has ceased and that Declarant releases such rights by express reference thereto.

Exhibit "A"

Land Initially Submitted

Lots within Champions Green of the Villages of Madison, Madison County, Alabama as the same as recorded in the office of the Judge of Probate for Madison County, Alabama in Plat Book 24, Page 20; and Lots within Green Springs of the Villages of Madison, Madison, Madison County, Alabama as the same as recorded in the office of the Judge of Probate for Madison County, Alabama in Plat Book 25, Page 66

Exhibit "B"

Land Subject to Annexation

All that part of the Northwest Quarter of the Southwest Quarter of Section 27 and the North Half of the Southeast Quarter of Section 28, Township 3 South, Range 2 West of the Huntsville Meridian, Madison County, Alabama, more particularly described as beginning at a point which is located North 86 degrees 30 minutes 30 seconds West 801.63 feet from the Northeast corner of the Northwest Quarter of the Southwest Quarter of said Section 27, Township 3 South, Range 2 West; thence from the point of beginning South 03 degrees 29 minutes 31 seconds West a distance of 511.06 feet to a point; thence South 03 degrees 02 minutes 10 seconds West a distance of 787.40 feet to a point on the North boundary of Jimmy Johnson property as recorded in Deed Book 523, Page 969; thence along said North boundary and along the North boundary of a tract of land owned by Joseph, Mary Sue, James H. and Marie B. Nance, as recorded in Deed Book 629, Page 457, North 86 degrees 57 minutes 50 seconds West 3091.49 feet to a point on the East right-of-way of Hughes Road; thence along said East right-of-way North 01 degree 38 minutes 10 seconds East a distance of 652.00 feet to the point of a curvature of a curve to the left having a radius of 50.00 feet; thence, along the arc of said curve a distance of 78.54 feet (chord bearing and distance of South 43 degrees 21 minutes 50 seconds East, 70.71 feet) to a point; thence South 88 degrees 21 minutes 50 seconds East a distance of 175.00 feet to a point; thence North 01 degree 38 minutes 10 seconds East a distance of 714.42 feet to a point; said point is further described as lying on the South boundary of a tract of land owned by R. Dunaway; thence along said South boundary and along Rainbow Subdivision as recorded in Deed Book 3, Page 191 in the Office of the Judge of Probate, Madison County, Alabama, and other lands, South 86 degrees 30 minutes 30 seconds East, a distance of 2902.87 feet to the point of beginning.

EXHIBIT "C"
BY-LAWS
OF
BRADFORD FARMS ASSOCIATION, INC.

Article I
Name, Principal Office and Definition

- Section 1. Name. The name of the Association shall be Bradford Farms Homeowners Association, Inc. (hereinafter sometimes referred to as the "Association").
- Section 2. Principal Office. The principal office of the Association in the State of Alabama shall be located in the County of Madison. The Association may have such other offices, either within or outside the State of Alabama, as the Board of Directors may determine or as the affairs of the Association may require.
- Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions and Restrictions for Bradford Farms (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

Article II
Association: Membership, Meeting, Quorum, Voting and Proxies

- Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and Class "B", as is more fully set forth in the declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.
- Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.
- Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur at least ninety (90) but not more than one hundred twenty (120) days before the close of the Association's fiscal year on the date and at a time set by the Board of Directors.
- Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Members representing at least ten percent (10%) of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

- Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered either personally or by mail to each member entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. In the case of a special meeting or when required by statute of these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.
- If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.
- Section 6. Waiver of notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may in writing waive notice of any meeting of the Members either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting of which proper notice was not given is raised before the business is put to a vote.
- Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business, which might have been transacted at the meeting originally called, may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members representing at least twenty five percent (25%) of the total votes of the Association remain in attendance and provided further that any action taken is approved by at least a majority of the Members required to constitute a quorum.
- Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration and such voting rights provisions are specifically incorporated herein.
- Section 9. Proxies. Any Member entitled to vote may do so by written proxy (and must do so by written proxy, in the case of a Member which is a corporation, partnership or other similar entity not a natural person or persons) duly executed by the Member or in cases where the Member is more than one (1) person, by all such persons, setting forth the meeting at which the proxy is valid. To be valid, a proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used and must be dated. No proxy shall be revocable except by written notice delivered to the Association. A proxy shall be automatically revoked if the Member who has given such proxy is in attendance at a meeting or if the Member has conveyed record title to his Lot prior to the date of a meeting at which such proxy was to be effective.
- Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners or other group as the context may indicate totaling more than fifty percent (50%) of the total numbers.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of the Members representing a majority of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein by this reference.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting including all resolutions adopted and all transactions occurring at the meeting.

Article III

Board of Directors: Number, Powers and Meetings

A. Composition and Selection.

Section 1. Governing Body Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. Except with respect to directors appointed by the Declarant, the Director, shall be Members or spouses of such members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of an Owner, which is a corporation or partnership, the person designated in writing to the secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Directors during Class "B" Control. The Directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) When all lots permitted by the Master Land Use Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than the Declarant or Builders holding title solely for purposes of development and sale;
- (b) January 1, 2005; or;
- (c) when, in its discretion, the Class "B" Member so determines.

Within one hundred twenty (120) days thereafter, the Class "B" member shall cause the Board to call a meeting, as provided in Article II, Section 4, of these By-Laws for special meetings, to advise the membership of termination of the Class "B" Control Period.

Section 3. Veto. This Section 3 may not be amended without the express written consent of Declarant as long as Declarant has the option unilaterally to subject additional property to the Declaration. After the termination of the Class "B" Control Period, the Declarant shall have a veto power over actions of the Board and any committee thereof regarding the development, construction, marketing and sales activity of Declarant on the Properties, and on any other property now owned or which may in the future be owned by Declarant. This power shall expire upon the expiration of Declarant's option unilaterally to subject additional property to the Declarant, unless earlier surrendered in writing. This veto power shall be exercisable only by the Declarant, its successors, and assigns who specifically takes this power in a recorded instrument. The veto power shall be as follows:

No action authorized by the Board of Directors or any committee thereof shall become effective, nor shall any action, policy or program be implemented until and unless:

- (a) Declarant shall have been given written notice of all meetings and proposed actions approved at the meetings of the Board or any committee thereof by certified mail, return receipt requested or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice shall comply with the provisions of these By-Laws regarding notice of regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-laws, set forth in reasonable particularity the agenda to be followed at said meeting; and
- (b) The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program to be implemented by the Board, any committee thereof, or the Association. Declarant and its representatives or agents shall make its concerns, thoughts and suggestions known to the members of the subject committee, the Association and/or the Board. Declarant shall have and is hereby granted a veto power over any such action, policy or program authorized by the Board of Directors or any committee thereof and to be taken by the Board, such committee, the Association or any individual member of the Association, if Board, committee, or Association approval is necessary for such action. This veto may be exercised by Declarant, its representatives or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto shall not extend to the requiring of any action or counteraction on behalf of any committee, the Board or the Association. Declarant shall not use its veto power to reduce the level of services which, the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors. The number of directors in the Association shall be not less than three (3) or more than five (5), as provided in Section 6 below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made from the floor and/or by a Nominating Committee. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors and three (3) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. The Nominating Committee shall nominate separate slates for any directors to be elected at large by all Members and for the director to be elected by and from each Neighborhood. Nominations for each slate shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

- (a) Within thirty (30) days after the time Class "A" Members, other than the Declarant or a builder holding title solely for purposes of development and sale, own twenty percent (20%) of the Lots permitted by the Master Land Use Plan for the property described in Exhibits "A" and "B" or whenever the Class "B" Member earlier determines, the Association shall call a special meeting to be held at which members other than the Declarant shall elect one (1) of the three (3) directors, who shall be an at-large director. The remaining two (2) directors shall be appointees of the Class "B" Member. The director elected by the Members

shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term.

- (b) Within thirty (30) days after the time Class "A" Members, other than the Declarant or a builder holding title solely for purposes of development and sale, own forty percent (40%) of the Lots permitted by the Master Land Use Plan for the property described exhibits "A" and "B" or whenever the Class "B" Member earlier determines the Board shall be increased to five (5) directors. The Association shall call a special meeting to be held at which Members other than the Class "B" Member shall elect two of the five (5) directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. The directors elected by the Members shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term of two (2) years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.
- (c). Not later than one hundred twenty (120) days after the termination of the Class "B" Control Period, the Association shall call a special meeting as provided in Article II, Section 4, of the By-Laws, at which the directors shall be selected as follows: One (1) director shall be elected from each Neighborhood and only the Members in such neighborhood shall be filled at-large by vote of all Members. Directors shall be elected as provided in this Article III, Section 6 (c), at each annual meeting thereafter at which directors are to be elected. Each Member shall be entitled to cast his vote with respect to each vacancy to be filled from each slate on which the Member is entitled to vote. The candidates of each slate receiving the largest number votes shall be elected to serve until the second annual meeting of the Membership after the termination of the Class "B" Control Period. At the expiration of the initial term of office of each Member of the Board of Directors, a successor shall be elected to serve for a term of two (2) years. The Directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms

Section 7. Removal of Directors and Vacancies. Any director elected by the Members may be removed, with or without cause, by the vote of Members, holding a majority of the votes entitled to be cast for election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. A director who was elected at-large solely by votes of Members other than the Declarant may be removed from office prior to expiration of his or her term only by the votes of a majority of members other than the Declarant. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charges due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a Successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability or resignation of a director, a vacancy may be declared by the Board and it may appoint a successor. Any director appointed by the Board shall be selected from the Neighborhood represented by the director who vacated the position and shall serve for the remainder of the term of such director.

Vacancies in the Board of Directors caused by any reason, including the increase in the number of directors but excluding the removal of a director by vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meetings of the Board of Directors. Each director so selected shall serve the unexpired portion of the term of his predecessor. In the event of an increase in the number of directors, each director so selected shall serve until the first annual meeting thereafter. At such annual meeting, successors shall be elected for a term of two (2) years.

- Section 8. Organization Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.
- Section 9. Regular meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) day prior to the meeting; provided, however notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.
- Section 10. Special meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any three (3) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice first class Mail, postage prepaid; (c) by telephone communication, (d) E-mail either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notice shall be given at the director's telephone number or sent to the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by Personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.
- Section 11. Waiver of Notice. The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.
- Section 12. Quorum of Board of Directors. At all meetings of the Board of directors, a majority of the directors shall constitute a quorum for the transaction of business, in the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least the majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.
- Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total vote of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 15. Open Meetings. Subject to the provisions of Section 16 of this Article, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak.

Section 16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all of the directors and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles or these By-Laws directed to be done and exercised exclusively by the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses and Neighborhood expenses;
- (b) making assessments to defray the Common Expenses and Neighborhood Expenses, establishing the means and methods of collecting such assessments and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;
- (c) providing for the operation, care, upkeep and maintenance of all the Area of Common Responsibility;
- (d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the best business judgment, in depositories other than banks;
- (f) making and amending rules and regulations;

- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these By-Laws and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (j) obtaining and carrying insurance against casualties in liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- (m) making available to any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee and the holders, insurers and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot and all other books, records and financial statements of the Association; and
- (n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the ongoing development or operation of the Properties.

Section 18. Management Agent

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services, as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i) of section of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice. During the Class "B" Control Period, all management contracts shall require the prior approval of the Veterans Administration.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be comingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing good or services to the Association, in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest, which the managing agent may have in any firm providing goods or services to the Association, shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying the monthly installments of assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board of Directors); and

(vi) an annual report consisting of at least the following shall be distributed to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant; provided, during the Class "B" Control Period, the annual report shall include certified financial statements.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Area of Common Responsibility without the approval of the Members of the Association. The Board shall also have the power to borrow money for other purposes; provided, the board obtains Member approval in the same manner provided in Article X, Section 4, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained in the Declaration, these By-Laws or the Articles of Incorporation, during the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common area without the affirmative vote or written consent, or any combination thereof, of Members other than the Declarant and the Declarant's nominees.

Section 21. Rights of the Association. With respect to the Area of Common Responsibility, in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and function. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trust, condominiums, cooperatives, or Neighborhood and other owners or residents associations, both within and

without the Properties. Such agreements shall require the consent of two thirds (2/3) of all Directors of the Association.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreements (including any management contract) executed during the Class "B" Control Period unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at anytime, with or without cause, upon not more than ninety (90) days notice to the other party.

Section 22. Enforcement. The Board shall have the power to impose reasonable fines against Owners and occupants, which shall be an assessment on the Lot, shall constitute a lien upon the Lot of the violating Owner or occupant, and may be collected in the same manner provided for the collection of assessments in Article X of the Declaration. The Board shall also be authorized to suspend an Owner's right to vote or to use the Common areas, for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot. In the event that any occupant of a Lot violates the Declaration, By-Laws, or a rule regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Law, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(c) Appeal. Following a hearing before the Covenants Committee, if any, the violator shall have the right to appeal the decision to the Board of Directors to perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by Suit at law or in equity to enjoin any violation or to

recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV **Officers**

- Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.
- Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.
- Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association be served thereby.
- Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.
- Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V **Committees**

- Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.
- Section 2. Covenants Committee. In addition to any other committees, which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least five (5) and no more than seven (7) members. Acting in accordance with the provisions of the Declaration, these By-Laws and resolutions the Board may

adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article III, Section 22 of these By-Laws.

Section 3. Neighborhood Committees. In addition to any other committees appointed as provided above, there shall be a Neighborhood Committee for each Neighborhood which has no formal organizational structure or association. Such Neighborhood Committee shall consist of three (3) members; provided, however, by vote of at least fifty-one percent (51%) of the Owners within the Neighborhood this number may be increased to five (5). The members of each Neighborhood Committee shall be elected by the vote of Owners of Lots within that Neighborhood at an annual meeting of such Owners, at which the Owners of Lots within that neighborhood holding at least one-third (1/3) of the total votes of Lots in the Neighborhood are represented, in person or by proxy. The owners of lots within a Neighborhood shall have the number of votes assigned to their Lots in the Declaration. Committee members shall be elected for a term of one (1) year or until their successors are elected. Any director elected to the Board of Directors from a Neighborhood shall be in ex officio member of the Committee. It shall be the responsibility of the Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those provided to all Members of the Association in accordance with the Declaration; a Neighborhood committee may advise the Board on any other issue, but shall not have the authority to bind the Board of Directors. In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the procedures and requirements applicable to the Board of Directors set forth in Article III, Sections 8, 9, 10, 11, 12, 13, 14, 15 and 16, of these By-Laws; provided, however, the term "Member" shall refer to the Owners of Lots within the Neighborhood. Each member who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

Article VI **Miscellaneous**

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Alabama law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. Conflicts. If there are conflicts between the provisions of Alabama law, the Articles of Incorporation, the Declaration and these By-Laws, the provisions of Alabama law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, financial statements for the immediately preceding fiscal year, and minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or their duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:
(i) notice to be given to the custodian of the records;
(ii) hours and days of the week when such an inspection may be made; and
(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all book, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member or Members, at the address which the Member or Members has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Members; or

(b) if to the Association, the Board of Directors or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first Lot, Declarant may unilaterally amend these By-Laws. After such conveyance, the Declarant may unilaterally amend these By-Laws so long as it still owns property described in Exhibits "A" or "B" to the Declaration for development as part of the Properties and so long as the amendment has no material adverse effect upon any right of any Member. Thereafter and otherwise, these By-Laws may be amended only by the affirmative vote (in person or by proxy) or written consent, or any combination thereof, of Members representing two-thirds of the total votes of the Association. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. As long as the Class "B" membership exists, material amendments to these By-Laws shall require the prior approval of the Veterans Administration so long as the Veterans Administration is guaranteeing any Mortgage within the Properties. No amendment shall be effective until recorded in the public records of Madison County, Alabama.

CERTIFICATION

I the undersigned do hereby certify:

That I am the duly elected and acting Secretary of Bradford Farms Homeowners Association, Inc. an Alabama corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 10th day of November 1993

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 10th day of November 1993

[SEAL)

Faye M. Hall
Secretary

**EXHIBIT "D"
CONSENT OF MORTGAGEE**

STATE OF ALABAMA
MADISON COUNTY

KNOW ALL MEN BY THESE PRESENTS: That, the OWNERS AND BRELAND HOMES, INC. ("DECLARANT"), being all of the owners of that certain real property described in the foregoing Declaration of Covenants, Conditions and Restrictions (the "Restrictions") and the undersigned, CENTRAL BANK OF THE SOUTH, a national banking association ("Mortgagee"), being the owner and holder of an existing first lien upon and against the property described in the foregoing Restrictions. Said Mortgagee does hereby consent to the foregoing Restrictions and the recordation of the Restrictions affecting the property.

IN WITNESS WHEREOF, Central Bank of the South, Owners and Declarant, a corporation has caused these presents to be executed by their duly authorized officers, on this the 11th day of November 1993.

MORTGAGEE: Compass Bank F/K/A
CENTRAL BANK OF THE SOUTH
BY: Jurn Hopkins
ITS: VP

Done and executed on this the 10th day of November 1993

DECLARANT:
BRELAND HOMES, INC.,
An Alabama corporation
BY: Louis W. Breland
ITS: President

STATE OF ALABAMA
COUNTY OF MADISON

Personally appeared before, the undersigned Notary Public, in and for said county and state to hereby certify that Louis W. Breland as, President of "Breland Homes, Inc.", after first being duly sworn, deposes and says that the facts contained in the foregoing instrument that the same executed the same voluntarily, for and as the act of the corporation.

Faye M. Hall
Notary Public

Owners:

David Willey
Lot 14, Champions Green

STATE OF ALABAMA
COUNTY OF MADISON

The undersigned Notary Public, in and for said, county and state hereby certify that David Willey, acknowledged before me on this day that being informed of the contents of the foregoing instrument, the same executed the same voluntarily.

Given under my hand and seal of office this the 10th day of November 1993.

Faye M. Hall
Notary Public

Owners:

Dennis Rains
Lot 34, Champions Green

STATE OF ALABAMA
COUNTY OF MADISON

The undersigned Notary Public, in and for said county and state hereby certify that Dennis Rains, acknowledged before me on this day that being informed of the contents of the foregoing instrument, the same executed the same voluntarily.

Given under my hand and seal of office this the 10th day of November 1993.

Faye M. Hall
Notary Public

Owners:

David Sikes
Lot 7, Champions Green

STATE OF ALABAMA
COUNTY OF MADISON

The undersigned Notary Public, in and for said county and state hereby certify that David Sikes, acknowledged before me on this day that being informed of the contents of the foregoing instrument, the same executed the same voluntarily.

Given under my hand and seal of office this the 10th day of November 1993.

Faye M. Hall
Notary Public

Owners:

Joseph Arrivello
Lot 25, Champions Green

STATE OF ALABAMA
COUNTY OF MADISON

The undersigned Notary Public, in and for said county and state hereby certify that Joseph Arrivello, acknowledged before me on this day that being informed of the contents of the foregoing instrument, the same executed the same voluntarily.

Given under my hand and seal of office this the 10th day of November 1993.

Faye M. Hall
Notary Public