

DECLARATION OF CONDOMINIUM
OF
SNUG HARBOR RETREAT, A CONDOMINIUM

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS.....2

ARTICLE 2 NAME; SUBMISSION OF REAL PROPERTY TO THIS
DECLARATION AND ENCUMBRANCES TO TITLE8

ARTICLE 3 PLANS, UNITS AND EASEMENTS.....10

ARTICLE 4 ORGANIZATION AND MANAGEMENT.....17

ARTICLE 5 OWNERSHIP OF COMMON ELEMENTS AND COMMON
SURPLUS AND SHARE OF COMMON EXPENSES;
VOTING RIGHTS.....19

ARTICLE 6 MAINTENANCE AND OPERATION OF THE
CONDOMINIUM PROPERTY23

ARTICLE 7 RESTRICTIONS ON USE OF UNITS, COMMON
ELEMENTS, AND LIMITED COMMON ELEMENTS26

ARTICLE 8 RIGHTS OF MORTGAGEES.....32

ARTICLE 9 CASUALTY LOSS AND INSURANCE.....34

ARTICLE 10 CONDEMNATION.....40

ARTICLE 11 TERMINATION.....42

ARTICLE 12 AMENDMENT.....43

ARTICLE 13 CONTROL OF THE ASSOCIATION46

ARTICLE 14 ARCHITECTURAL COMMITTEE47

ARTICLE 15 SPECIAL DECLARANT RIGHTS AND DEVELOPMENT
RIGHTS49

ARTICLE 16 ARBITRATION53

ARTICLE 17 DISCLAIMER OF WARRANTIES.....54

ARTICLE 18 MISCELLANEOUS54

STATE OF ALABAMA
COUNTY OF MARSHALL

**DECLARATION OF CONDOMINIUM OF
SNUG HARBOR RETREAT, A CONDOMINIUM**

THIS DECLARATION OF CONDOMINIUM OF SNUG HARBOR RETREAT, A CONDOMINIUM (this “**Declaration**”) is made as of _____, 2007, by **SNUG HARBOR RETREAT, LLC**, an Alabama limited liability company (the “**Declarant**”), for the Declarant and the successors, grantees and assigns of the Declarant.

RECITALS

1. The Declarant is the fee simple owner of that certain parcel of real property situated in Marshall County, Alabama, more particularly described in Article 3 of this Declaration (the “**Real Property**”).

2. The Declarant intends to improve the Real Property in the manner set out in this Declaration.

3. The Declarant proposes to establish a condominium to be known as **Snug Harbor Retreat, A Condominium**, pursuant to the provisions of the Ala. Code §35-8A-101 *et seq.* (1975) known as the Alabama Uniform Condominium Act of 1991, but reserves the right and option, in the sole discretion of Declarant, to amend this Declaration, without the consent of any Unit Owner, Eligible Mortgagee or other Person to exercise any Development Rights or Special Declarant Rights as described in this Declaration. The Declarant shall have the unilateral right, privilege and option to exercise any Development Rights or Special Declarant Rights as provided for in this Declaration.

4. The Declarant may improve Snug Harbor Retreat, A Condominium when exercising any Development Rights or Special Declarant Rights as provided for in this Declaration.

5. The initial development of Snug Harbor Retreat, A Condominium will consist of 18 Chalet Units, together with access, parking, Common Elements, Limited Common Elements and other appurtenant facilities as provided for in this Declaration. The second phase of the Condominium may consist of one Building Dockside containing a total of 20 Residential Units. This second phase NEED NOT BE BUILT. Subsequent phases may also be dedicated to the Condominium pursuant to the Declarant’s Development Rights and Special Declarant Rights.

6. Snug Harbor Retreat, A Condominium will be created by recording this Declaration, which may be amended by the Declarant as provided in this Declaration.

NOW, THEREFORE, the Declarant makes the following Declaration:

ARTICLE 1
DEFINITIONS

The terms used in this Declaration and in the Bylaws shall have the meanings stated in Ala. Code §35-8A-101 *et seq.* (1975) and in this Declaration, unless the context clearly indicates a different meaning therefor:

(a) “**Snug Harbor Retreat**” and “**Snug Harbor Retreat, A Condominium**” means the Condominium and consists of the Real Property and Improvements submitted to the Condominium by this Declaration.

(b) “**Act**” means Ala. Code §35-8A-101 *et seq.* (1975) known as the Alabama Uniform Condominium Act of 1991, as the same may be amended from time to time.

(c) “**Additional Property**” means the real property described on Exhibit “I” attached hereto.

(d) “**Architectural Committee**” means the committee created pursuant to this Declaration to review and approve Plans and Specifications for the construction of interior improvements to a Residential Unit and for the construction of all improvements on a Chalet Unit.

(e) “**Association**” means Snug Harbor Retreat Condominium Association, Inc., an Alabama nonprofit corporation organized pursuant to the Alabama Nonprofit Corporation Act, of which all Owners shall be members and which corporation shall administer the operation, management, maintenance, control and administration of the Condominium Property.

(f) “**Board of Directors**” or “**Board**” means the Board of Directors of the Association, elected pursuant to the Bylaws of the Association.

(g) “**Building**” means all structures or structural Improvements located on the Real Property and forming a part of the Condominium as designated on the Plans. This definition does not include improvements located on the Chalet Units.

(h) “**Bylaws**” means the Bylaws of the Association, a copy of which is attached hereto as Exhibit “B”, recorded simultaneously with this Declaration, providing for the self-government of the Condominium Property by the Association in accordance with §35-8A-306 of the Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Act.

(i) “**Certification**” means the Certification referred to in Section 3.1 of this Declaration.

(j) “**Chalet Limited Common Elements**” means those Limited Common Elements that are appurtenant to or serve or benefit exclusively all of the Chalet Units as designated on the Plans.

(k) **“Chalet Plans and Specifications”** means any and all documents designed to guide or control the construction or erection of any improvement on a Chalet Unit, including those indicating location, size, shape, configuration, materials, floor plans, specifications on all building products and construction techniques, samples of colors, plan for utility services, and all other documentation or information relevant to the construction of such improvement on a Chalet Unit as contained in Exhibit “G” attached hereto.

(l) **“Chalet Section”** means, collectively, all of the Chalet Units and the Chalet Limited Common Elements.

(m) **“Chalet Unit”** means the Chalet Units designated on the Plans attached to this Declaration as Chalet Unit E, Chalet Unit F, Chalet Unit G, Chalet Unit H, Chalet Unit I, Chalet Unit J, Chalet Unit K, Chalet Unit L, Chalet Unit M, Chalet Unit N, Chalet Unit O, Chalet Unit P, Chalet Unit Q, Chalet Unit R, Chalet Unit S, Chalet Unit T, Chalet Unit U, Chalet Unit V, Chalet Unit W, Chalet Unit X, Chalet Unit Y, Chalet Unit Z, Chalet Unit AA, Chalet Unit BB, Chalet Unit CC, and Chalet Unit DD as described in this Declaration. The Chalet Units enumerated in this Declaration and other matters pertaining to the Chalet Units will be further defined and described in this Declaration. The Chalet Units shall consist of unimproved real property lots. The Declarant shall have the right to exercise the Development Rights and the Special Declarant Rights as provided for in this Declaration by adding additional Chalet Units, Common Elements and Limited Common Elements as provided for in this Declaration and as described in any Supplemental Declaration filed by Declarant in accordance with the terms of this Declaration.

(n) **“Common Elements”** means all portions of the Condominium Property that are not Private Elements or Units, including the following:

(i) the Real Property;

(ii) the foundations and footings, load bearing walls, perimetrical walls, structural slabs, columns, beams, supports and other Improvements that are not part of the Units and which are a part of a Building; Common Elements shall not include any such Improvements on a Chalet Unit;

(iii) the roofs, lobbies, elevator, common area mechanical equipment and systems, and storage areas designated as common elements or common areas, ramps, handrails, sidewalks, stairways and entrances and exits or communication ways as designated on the Plans;

(iv) all parking areas (even if assigned to the exclusive use of one or more Units), driveways and other means of ingress and egress (see Section 7.2(m) of this Declaration for restrictions on parking);

(v) the compartments or installations of central services such as air conditioning, ventilation, heating, power, light, electricity, telephone and television cables, gas, fire protection, security, cold and hot water, plumbing, reservoirs, water tanks and pumps, storm drains, sewer lines, flues, trash chutes and compactors, pipes, ducts, flutes, chutes, conduits, cables, wires and the like, and all similar devices and installations existing for common use, but

excluding all compartments or installations of utilities and services which exist for private use in the Units;

(vi) the premises and facilities, if any, used for the maintenance or repair of the Condominium Property;

(vii) all common recreational facilities such as any game, entertainment, meeting or assembly rooms, exercise or fitness room, and surrounding grounds, sun deck, yards, swimming pools, and walkways, as depicted on the Plans if any;

(viii) all sidewalks, lawn areas, landscaping, trees, curbs, walkways, streets, greens, gardens, yards, landscaping, storage sheds, central mail boxes, security areas, and service streets;

(ix) all outdoor and exterior lights and interior lights that are not metered to individual Units;

(x) all entrance and related type signs;

(xi) all easements, rights or appurtenances affecting or relating to the use of the Condominium Property unless specifically included in any Unit;

(xii) all Limited Common Elements; and

(xiii) all other elements (other than Private Elements and Units) desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property.

(o) “**Common Expenses**” means the expenditures made by or financial liabilities of the Association, together with any allocations to reserves, arising out of the operation and ownership of the Common Elements for which the Owners are liable to the Association, including expenses of administration of the Condominium Property; expenses of insurance; expenses of maintenance, operation, repair, replacement, rehabilitation, restoration, renovation and betterment of the Common Elements and any portion of a Unit maintained by the Association; any valid charge against the Condominium Property as a whole; and expenses declared to be Common Expenses by the provisions of the Condominium Documents, as the same may be amended, from time to time, in accordance with the provisions thereof; provided that the Common Expenses shall not include the Limited Common Expenses or any charges imposed upon individual Owners under the Condominium Documents for usage of various components of the Common Elements.

(p) “**Common Surplus**” means the excess of all the receipts of the Association, including assessments, rents, profits and revenues, over the amount of the Common Expenses.

(q) “**Condominium**” means Snug Harbor Retreat, A Condominium, and is described in this Declaration.

(r) “**Condominium Documents**” means this Declaration, the Bylaws, the Articles of Incorporation of the Association and the Rules and Regulations and all exhibits attached to the foregoing, as the same may be amended from time to time.

(s) “**Condominium Property**” means all property, real, personal or mixed, which is submitted to Snug Harbor Retreat, A Condominium as provided for in this Declaration and includes the Real Property, the Building and all other Improvements located on the Real Property, and all easements, rights, riparian rights, interests or appurtenances to the Real Property, and all personal property used in connection with the Condominium Property.

(t) “**Declarant**” means SNUG HARBOR RETREAT, LLC, an Alabama limited liability company, and the successors, grantees and assigns of the Declarant, who shall receive by assignment from Declarant or by foreclosure or any other judicial transfer to any Eligible Mortgagee hereunder, specifically including Wachovia Bank, all, or a portion, of the rights of the Declarant as set out in this Declaration as the Declarant, by an instrument expressly assigning such rights to such successor, grantee or assignee; provided that it is understood that, as to the property mortgaged to Wachovia Bank, or any other Eligible Mortgagee of Declarant, upon any foreclosure or similar action by Wachovia Bank or any other Eligible Mortgagee of Declarant, the purchaser of such property shall automatically succeed to all rights of the Declarant hereunder relating to such property.

(u) “**Declaration of Condominium**” or “**Declaration**” means this instrument and all Exhibits hereto as it may, from time to time, be amended.

(v) “**Development Rights**” shall have the same meaning as defined in the Act and as set out in this Declaration.

(w) “**Eligible Mortgagee**” means a holder of a Mortgage or any insurer or guarantor of a holder of a Mortgage which has given written notice to the Association of the name and address of said Eligible Mortgagee and its status as a holder, insurer or guarantor of a Mortgage. Such notice shall be deemed to include a request that the Eligible Mortgagee to be given the notices and other rights described in this Declaration.

(x) “**Wachovia Bank**” means Wachovia Bank, a National Association, its successor and assigns.

(y) “**General Assessment**” means the amount allocated among all of the Units to meet the Association’s annual budgeted Common Expenses, as described in Section 5.5.

(z) “**Improvements**” means all buildings, structures, structural improvements and all other permanent fixtures located on the Real Property and forming a part of the Condominium. This definition does not include any improvements located on a Chalet Unit.

(aa) “**Individual Unit Assessment**” means a charge made to a particular Owner for charges relating only to his Unit, as provided in Section 5.8.

(bb) “**Limited Common Elements**” means and includes any areas designated by this Declaration as Limited Common Elements, and any areas defined in the Act as Limited Common

Elements for the exclusive use of one or more, but fewer than all, of the Owners of Units, including the Chalet Limited Common Elements and the Residential Limited Common Elements. The Limited Common Elements include all areas so designated on the Plans and described in this Declaration, including, but not limited to, patios, balconies, terraces, porches, or driveways abutting each Unit, all of which are more particularly described in this Declaration. The Declarant shall have the right to exercise the Development Rights and the Special Declarant Rights provided for in this Declaration by adding additional Units, Common Elements and Limited Common Elements as provided for in this Declaration and as described in any Supplemental Declaration filed by Declarant in accordance with the terms of this Declaration.

(cc) “**Limited Common Expenses**” means the expenses arising out of the ownership and operation of the Limited Common Elements for which the Owners of the Limited Common Elements are liable on a pro rata basis to the Association, including the expenses of maintenance, operation, repair, replacement, rehabilitation, restoration, renovation, and betterment of the Limited Common Elements; and expenses declared to be Limited Common Expenses by the provisions of the Condominium Documents, as the same may be amended, from time to time, in accordance with the provisions thereof. The Limited Common Expenses shall not include charges imposed upon the Owners of the Limited Common Elements under the Condominium Documents for the usage of various components of the Limited Common Elements.

(dd) “**Mortgage**” means a first lien mortgage on one or more Units.

(ee) “**Owner**” or “**Unit Owner**” means, the record owner of a Unit.

(ff) “**Ownership Percentage**” means the percentage of undivided ownership interest allocated to each Unit in and to the Common Elements and any Common Surplus and the percentage of liability allocated to each Unit for the Common Expenses as set forth on Exhibit “C” attached hereto, as the same may be revised from time to time in accordance with this Declaration and the Act.

(gg) “**Person**” means a natural person, a corporation, a partnership, a limited liability company, a limited liability partnership, the Association, a trustee or other legal entity.

(hh) “**Plans**” means the site plan, floor plans and elevations of Snug Harbor Retreat, A Condominium prepared by an independent registered engineer or registered architect, which are marked as Exhibit “D” and attached to this Declaration and expressly made a part hereof. The Plans contain a Certification executed by an independent registered engineer or registered architect in accordance with this Declaration and the Act. The Plans contain a Certification that the Plans contain all information required by the Act. The Declarant shall have the right to exercise the Development Rights and the Special Declarant Rights as provided for in this Declaration and in exercising said Development Rights and the Special Declarant Rights may amend the Plans as provided for in this Declaration and as described in any Supplemental Declaration filed by Declarant in accordance with the terms of this Declaration.

(ii) “**Plans and Specifications**” means any and all documents designed to guide or control the construction or erection of any improvement to the interior of a Residential Unit, including those indicating location, size, shape, configuration, materials, floor plans,

specifications on all building products and construction techniques, samples of colors, plan for utility services, and all other documentation or information relevant to such improvement.

(jj) “**Parking Spaces**” means, individually and collectively, the parking spaces described in the Plans and in Section 3.12 herein. The parking spaces for Residential Units are Common Elements and are not assigned to any particular Unit.

(kk) “**Probate Office**” means the Office of the Judge of Probate of Marshall County, Alabama.

(ll) “**Real Property**” means the Real Property situated in Marshall County, Alabama, which is more particularly described in Article 2 of this Declaration and submitted to Snug Harbor Retreat, A Condominium as provided for in this Declaration.

(mm) “**Residential Limited Common Elements**” means those Limited Common Elements that are appurtenant to or serve or benefit exclusively all of the Residential Units as designated on the Plans.

(nn) “**Residential Section**” means, collectively, all of the Residential Units and the Residential Limited Common Elements.

(oo) “**Residential Unit**” means the Residential Units as may be created by Declarant by exercise of Development Rights or Special Declarant Rights. The Developer anticipates adding a second phase to the Condominium which would create Building “Dockside” containing Unit D101, Unit D102, Unit D103, Unit D104, Unit D105, Unit D201, Unit D202, Unit D203, Unit D204, Unit D205, Unit D301, Unit D302, Unit D303, Unit D304, Unit D305, Unit D401, Unit D402, Unit D403, Unit D404, and Unit D405 and as described in this Declaration. The Residential Units would be located on levels two through five, inclusive, in Building Dockside. The Residential Units enumerated in this Declaration and other matters pertaining to the Residential Units will be further defined and described in this Declaration. The Declarant shall have the right to exercise the Development Rights and the Special Declarant Rights as provided for in this Declaration by adding additional Units, Common Elements and Limited Common Elements as provided for in this Declaration and as described in any Supplemental Declaration filed by Declarant in accordance with the terms of this Declaration. The Residential Units and Building Dockside NEED NOT BE BUILT.

(pp) “**Rules and Regulations**” means those Rules and Regulations which may be adopted by the Declarant or the Association as provided for in this Declaration. The Declarant shall have the right to exercise the Development Rights and the Special Declarant Rights as provided for in this Declaration and in exercising said Development Rights and the Special Declarant Rights may amend the Rules and Regulations as provided for in this Declaration and as described in any amended Rules and Regulations or any Supplemental Declaration filed by Declarant in accordance with the terms of this Declaration. A copy of the initial Rules and Regulations adopted by the Declarant is attached hereto as Exhibit “F”.

(qq) “**Section Assessment**” means the amount allocated by the Board to either (i) all of the Units in the Residential Section, or (ii) all of the Units in the Chalet Section, in either case, as described in Section 5.7.

(rr) “**Special Assessment**” means an amount charged to each Unit for capital improvements or emergency expenses, in accordance with the provisions of Section 5.6.

(ss) “**Special Declarant Rights**” shall have the same meaning as defined in the Act and as set out in this Declaration.

(tt) “**Supplemental Declaration**” means any Supplemental Declaration, whether one or more, which amends this Declaration, the Plans, the Rules and Regulations or any other Condominium Documents for any purpose, including, but not limited to, the purpose of exercising any of the Development Rights and the Special Declarant Rights as provided for in this Declaration.

(uu) “**Supplemental Plans**” means the site plan, floor plans and elevations of Snug Harbor Retreat, A Condominium prepared by an independent registered engineer or registered architect, which may be attached to any Supplemental Declaration amending this Declaration, the Plans, the Rules and Regulations or any other Condominium Documents for any purpose, including, but not limited to, the purpose of exercising any of the Development Rights and the Special Declarant Rights as provided for in this Declaration.

(vv) “**Unit**” or “**Private Element**” means the Chalet Units and the Residential Units as described in this Declaration. Unit or Private Element shall have the same meaning as defined in the Act and as described in this Declaration. Unless and until the Declarant shall exercise the Development Rights and the Special Declarant Rights as provided for in this Declaration, there shall be one type of Unit in Snug Harbor Retreat, namely Chalet Units, which will be used for single-family residential purposes as further defined and described in this Declaration. The Declarant shall have the right to exercise the Development Rights and the Special Declarant Rights as provided for in this Declaration by adding additional Units, Common Elements and Limited Common Elements as provided for in this Declaration and as described in any Supplemental Declaration filed by Declarant in accordance with the terms of this Declaration. Residential Units may be added by Declarant to the Condominium and will be used for single – family residential purposes.

ARTICLE 2

NAME; SUBMISSION OF REAL PROPERTY TO THIS DECLARATION, PHASES, AND ENCUMBRANCES TO TITLE

2.1 **Name.** The name by which the Condominium is to be known is Snug Harbor Retreat, A Condominium. Snug Harbor Retreat is located at TO BE INSERTED WHEN ADDRESS IS ASSIGNED, County of Marshall, the State of Alabama. The Condominium is not located within the jurisdiction of any incorporated municipality.

2.2 **The Real Property.** The Real Property, which is submitted to Snug Harbor Retreat, A Condominium by this Declaration, is that parcel of Real Property located in Marshall County, Alabama, and more particularly described on Exhibit “A” attached hereto. The Real Property includes all Improvements now or hereafter located on the real property described on Exhibit “A” attached hereto, and all easements, rights, riparian rights, interests and appurtenances to said real property.

2.3 **Submission.** The Declarant hereby submits the Real Property, together with all Buildings, Improvements and other permanent fixtures on the Real Property, and all rights and privileges belonging or in any way pertaining to the Real Property, to Snug Harbor Retreat, A Condominium in the manner provided for in this Declaration and the Act.

2.4 **Development in Phases.** Declarant proposes to develop the Condominium in no more than five Phases, but reserves the right and option, in the sole discretion of Declarant, to only develop the phase or phases which market or other relevant conditions may dictate. Declarant intends to develop a total of a possible 92 Residential Units and 18 Chalet Units in no more than five Phases. The first phase will create 18 Chalet Units. Subsequent phases may be constructed containing up to 92 Residential Units. Declarant makes no assurances that any subsequent Phase of the Condominium will be constructed. The subsequent Phases “NEED NOT BE BUILT.” If any Phase or Phases, or any portion thereof, beyond the first Phase is developed, Declarant makes no assurances that it will be constructed of materials of a quality similar to or higher than the quality of the materials used in the construction of the first Phase. It is the intent of Declarant that should all or a portion of the Additional Property be improved by the construction of condominium units and be submitted to the terms of this Declaration by amendments hereto as other subsequent Phases of development of the Condominium, then such property shall be operated and administered as a condominium in the manner set forth in this Declaration.

2.5 **Subsequent Phases.** Declarant may or may not submit all or a portion of the Additional Property to the condominium form of ownership at a future date or dates, as subsequent Phases of the Condominium. Notwithstanding the foregoing, and subject to the terms and conditions of this Declaration, said Additional Property or any portion thereof, including any portion or portions of each Phase, may be submitted to the condominium form of ownership and use in separate or different parcels at different times, by amendment or amendments to this Declaration. No assurances are made concerning whether or not any Phases or portion thereof will be or will not be submitted to the condominium form of ownership under this Declaration or the Act, nor are any assurances made concerning the boundaries of the Phases, or the number of Units to be located in any such Phase, or the number of Phases, or the order in which the Phases or portions thereof may be or may not be subject to the exercise of these Development Rights. Nothing in this Section is to be interpreted as requiring Declarant to submit the Additional Property or any portion thereof to the condominium form of ownership or exercise any reserved Development Rights.

2.6 **Incremental Phasing Amendments.** Any additional Phase(s), either adding a portion of the Additional Property and the improvements located thereon or exercising any other Development Right reserved by Declarant in connection with the Condominium Property, may be added to, and made subject to, this Declaration by the execution, by Declarant, alone, of an incremental amendment to this Declaration, which said amendment shall comply with the provisions of the Act and shall become effective upon recordation in the Probate Office. Such amendment shall have exhibits attached thereto similar in nature to the exhibits attached to this Declaration and containing such other information as required by the Act and this Declaration, including Plans, and a reallocation of the Common Expenses. The right of Declarant to add additional phases to the Condominium shall cease and terminate 15 years from the date of recordation of this Declaration. Except as provided in the preceding sentence, no other time

limitations shall be imposed on the right of Declarant to add additional Phases or exercise Development Rights. Once any additional Phase(s) has been submitted to the terms and provisions of this Declaration, it shall comprise a portion of the Condominium, to be governed in accordance with the provisions of the Condominium Documents. Each purchaser of a Unit or any entity which acquires an interest in a Unit is prohibited from objecting to an incremental amendment and have agreed and consented that any amendment to this Declaration executed by Declarant alone shall be binding and effective as written notwithstanding the fact that the undivided interest of the Unit in the Common Elements will be reduced thereby.

This Declaration may be amended by Declarant without the consent of any Unit Owner, Eligible Mortgagee, or other person or entity in order to exercise any Development Rights or Special Declarant Rights, so long as said amendment complies with the requirements of the Act. Declarant shall have the unilateral rights, privilege and option from time to time at any time to exercise Development Rights or to subject all or any part of the Additional Property, in one or more Phases, to the provisions of the Declaration.

2.7 **No Assurances.** No assurances are made that any building or other improvements that may be constructed pursuant to any Development Rights reserved by Declarant in any part of the Condominium will be compatible or will not be compatible with any existing building and improvements in the Condominium in terms of architectural style, quality of construction, size, or designation as either residential or commercial. Further, no assurances are made as to the locations of any building or other improvement that may be made within any part of the Condominium pursuant to any Development Rights reserved by Declarant. Further, no assurances are made that any Common Elements or Limited Common Elements created pursuant to any Development Rights reserved by Declarant will be of the same general types and sizes as the Common Elements or Limited Common Elements within other parts of the Condominium. Further, no assurances are made that the percentage of or size and location of Chalet Units to Residential Units created pursuant to any Development Rights reserved by Declarant will be of the same general percentage, size and location as the Chalet Units to Residential Units within other parts or phases of the Condominium.

2.8 **Encumbrances to Title.** The title to the Real Property is subject to the easements, restrictions, reservations and rights-of-way and other matters referenced on Exhibit "E" attached hereto.

ARTICLE 3

PLANS, UNITS AND EASEMENTS

3.1 **Plans.** The Improvements are substantially completed in accordance with the Plans attached to this Declaration, as evidenced by the Certification of the same executed by an independent registered architect or registered engineer.

3.2 **General Description of Improvements.** Unless and until the Declarant exercises any of the Development Rights or Special Declarant Rights provided for in this Declaration and in the Act, the initial development of Snug Harbor Retreat, A Condominium

shown on the Plans attached to this Declaration generally consists essentially of 18 Chalet Units consisting of unimproved real property lots, together with automobile parking areas, lawn and landscaping and other facilities and Common Elements and Limited Common Elements as more particularly described in this Declaration and the Plans.

3.3 **General Description of Improvements in second phase.** The Declarant may exercise Special Declarant Rights or Development Rights to add a second and subsequent phases to the Condominium. The second phase may contain a Building "Dockside" containing a total of 20 Residential Units constructed primarily of wood frame with brick veneer. The Building Dockside may consist of five levels (stories), including one ground level. The first level or ground level may contain covered parking areas under the Building for some of the Residential Units, storage areas, mechanical areas and other parking spaces located on the Real Property that are neither covered nor under the Building. The second through the fifth levels, inclusively, may contain 20 Residential Units. All levels of the Building Dockside may contain Common Elements and common property and equipment. The second and subsequent phases **NEED NOT BE BUILT.**

3.4 **Identification of Units in Phase 1 (Private Elements).** The Plans contain a description of the Real Property and Improvements thereon and a graphic description of the Improvements in which the Units are located identifying each Unit by a number or letter or combination of numbers and letters so that no Unit bears the same designation as any other Unit, all in sufficient detail to identify each Unit, the Common Elements, the Limited Common Elements, including the Chalet Limited Common Elements and the Residential Limited Common Elements, if any, and their relative locations and approximate dimensions. The legal description of each Unit shall consist of number or letter or combination of numbers and letters as shown on the Plans, the name Snug Harbor Retreat, A Condominium, and shall refer to Marshall County, Alabama and the Probate Office, and the recording reference of this Declaration. The description and location of the particular Units and the appurtenances thereto are determined with the aid of the Plans. The Chalet Units are designated on the Plans attached to this Declaration as Chalet Unit E, Chalet Unit F, Chalet Unit G, Chalet Unit H, Chalet Unit J, Chalet Unit K, Chalet Unit M, Chalet Unit N, Chalet Unit P, Chalet Unit R, Chalet Unit T, Chalet Unit W, Chalet Unit Y, Chalet Unit Z, Chalet Unit AA, Chalet Unit BB, Chalet Unit CC, and Chalet Unit DD.

3.5 **Identification of Units in Phase 2.**

In the event the Declarant supplements the Declaration to add a second phase containing Building Dockside, the Residential Units will be designated on the Plans attached to the supplemental Declaration as Unit D101, Unit D102, Unit D103, Unit D104, Unit D105, Unit D201, Unit D202, Unit D203, Unit D204, Unit D205, Unit D301, Unit D302, Unit D303, Unit D304, Unit D305, Unit D401, Unit D402, Unit D403, Unit D404, and Unit D405. The Residential Units **NEED NOT BE BUILT.**

3.6 **The Plans.** The Plans contain a description of the Real Property and Improvements thereon and a graphic description of the Improvements in which the Units are located identifying each Unit by a number or letter or combination of numbers and letters so that no Unit bears the same designation as any other Unit, all in sufficient detail to identify each Unit,

the Common Elements, the Limited Common Elements and their relative locations and approximate dimensions. The legal description of each Unit shall consist of a number or letter or combination of numbers and letters as shown on the Plans, the name Snug Harbor Retreat, A Condominium, and shall refer to Marshall County, Alabama and the Probate Office, and the recording reference of this Declaration. The description and location of the particular Units and the appurtenances thereto are determined with the aid of the Plans.

3.7 **Boundaries of Residential Units (Residential Private Elements).** Each Residential Unit shall include that part of the Building containing such Residential Unit that lies within the following boundaries:

(a) Upper and Lower Boundaries. The upper and lower boundaries of each Residential Unit shall be the following boundaries extended to their planar intersections with the perimetrical boundaries:

(i) Upper Boundaries. The horizontal plane of the lowermost unfinished surface of the gypsum board ceiling of the Residential Unit.

(ii) Lower Boundaries. The horizontal plane of the uppermost surface of the concrete or wooden subfloor of the Residential Unit.

(iii) Interior Divisions. Except as provided in subsections (i) and (ii) above, no part of the nonstructural interior walls shall be considered a boundary of a Residential Unit.

(b) Perimetrical Boundaries. The perimetrical boundaries of the Residential Unit shall be the vertical planes of the Residential Unit side of the glass or the inside surface of the concealed gypsum board of the exterior walls (perimeter columns not included) to the centerline of the partitions separating one Residential Unit from another Residential Unit or from any Common Elements or to the Residential Unit side of the opposite exterior walls extended to their planar intersections with each other and with the upper and lower boundaries of the Residential Unit.

(c) Apertures. Where there are apertures in any boundary, including, but not limited to, windows, bay windows, doors and skylights, such boundaries of a Residential Unit shall be extended to include the bay windows, doors and skylights and other fixtures located in such apertures, including all frameworks thereof.

(d) Physical Location to Control. In the event that the actual physical location of any Residential Unit constructed within the Building at any time does not precisely coincide with the area depicted on the Plans, the actual physical location of the Residential Unit shall control over locations, dimensions and descriptions reflected on the Plans.

Notwithstanding the fact that no Residential Unit may be divided or partitioned for purposes of sale or lease, a Residential Unit may be combined with either the Residential Unit directly above the subject Residential Unit and/or the Residential Unit directly below the subject Residential Unit and/or the laterally-adjacent Residential Unit in order to permit occupancy of such areas as one residential living space. Such a combination of Residential Units shall be for purposes of occupancy and use only and shall not be deemed an amendment to this Declaration. Further, any

such combination shall not materially alter or modify the configuration or size of a Residential Unit. No combination of Residential Units for purposes of occupancy shall be permitted without the prior written consent of the Declarant (for so long as the Declarant owns any Units) and the Association (upon such time as the Declarant no longer owns any Units).

3.8 **Boundaries of Chalet Units. (Chalet Private Elements).** Each Chalet Unit shall include that part of the Real Property that lies within the boundaries of each Chalet Unit as shown on the Plans attached to this Declaration. The foundations and footings, load bearing walls, perimetrical walls, structural slabs, columns, beams, supports, roof and other Improvements that are located on a Chalet Unit shall be considered a part of the Chalet Unit.

3.9 **Changes.** The Development Rights and Special Declarant Rights reserved to the Declarant to alter the boundaries between Residential Units and between Units and the Common Elements, the Limited Common Elements or both shall be reflected by an amendment to this Declaration, which may be executed by Declarant alone, notwithstanding the procedures described for amendments described in this Declaration.

3.10 **Limited Common Elements.** To the extent applicable and subject to the provisions of this Declaration, each Unit may have, as Limited Common Elements assigned thereto, such portions of the Limited Common Elements as are defined herein and/or shown on the Plans, including, but not limited to, the following:

(i) Private Driveways for Chalet Units. Each Private Driveway assigned to a Chalet Unit pursuant to this Declaration and the Plans are assigned as Limited Common Elements to such Chalet Unit (some Chalet Units will have shared Private Driveways as indicated on the Plans);

(ii) Utility Meters. Any utility meter which serves only one Unit is assigned as a Limited Common Element to the Unit which it serves;

(iii) Light and Electrical Fixtures. Light and electrical fixtures outside a Residential Unit or attached to the exterior walls of the Building, which fixtures are designed to exclusively serve and benefit such Residential Unit;

(iv) Air Conditioning Equipment Structure(s). The structure(s) located on or adjacent to the exterior of the Building on which is located any air conditioning equipment that serves the Residential Unit;

(v) Security Installations. Any and all installations for security purposes that are designed to exclusively serve a Residential Unit; and

(vi) Patio, Balcony, Terrace or Porch. The patio, balcony, terrace or porch abutting a Unit are Limited Common Elements appurtenant to those Units to which they attach and whose use is restricted to the Units to which they are appurtenant. Doorsteps or stoops, if any, providing access to a patio, balcony, terrace, or porch, are assigned as a Limited Common Element to the Unit to which the patio, balcony, terrace or porch serves. The patio, balcony, terrace or porch abutting each Unit may not be transferred separate and apart from the Unit to which it is appurtenant.

(vii) Mailbox or Slots. Each Residential Unit is assigned one mailbox or slot as a Limited Common Element to be initially assigned by the Board in its sole discretion. Chalet Units shall install and maintain their own mailboxes which shall be acceptable to the Architectural Control Committee.

3.11 **Common Elements.** Any right, title or interest in a Unit shall automatically carry with said Unit, as an appurtenance and without the necessity of specific reference, an undivided share in the Common Elements equal to the Ownership Percentage of said Unit and a right to use the Common Elements (subject to the right to possess the Limited Common Elements as described in this Declaration) in conjunction with the other Owners. The Common Elements are all portions of the Condominium Property other than the Units and will include the common areas and facilities located substantially as shown on the Plans.

3.12 **Easements and Restrictions.** The Units and the Common Elements shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established in this Declaration and the Plans governing the use of the ownership of each Unit and its appurtenant undivided interest in the Common Elements, including the following:

(a) Utility Easements. Utility easements are reserved throughout the whole of the Condominium Property, including Units, as may be required for utility services (including, without limitation, water, sewer, gas, electricity, telephone and cable television) in order to adequately serve the Condominium Property. Notwithstanding the foregoing, no utility easement shall extend across or into the boundary of any Chalet Unit.

(b) Utility Equipment. There may be utility equipment located on the Common Elements appurtenant to some Units. An easement is hereby reserved in favor of each Unit for the purpose of placement, maintenance, repair and replacement of said utility equipment by Declarant and the Owners of the appurtenant Unit; provided that no utility equipment shall be placed in any part of the Common Elements or Limited Common Elements other than the present location unless the written approval of the Association shall have first been obtained.

(c) Easements for Ingress and Egress. The Common Elements shall be, and the same are hereby declared to be, subject to an easement of ingress and egress over all roads, parking areas, walkways, halls, stairways, elevators, and other common areas in favor of all Owners for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended for the enjoyment of said Owners, subject to all restrictions in the Condominium Documents; provided that such easement shall not give or create in any Person the right to park on any portion of the Condominium Property nor shall said easement give or create in any Person the right to use or occupy any Limited Common Element designated in this Declaration or other Condominium Documents or by the Declarant or the Association for the exclusive use of one or more, but not all, of the Owners. This easement shall be nonexclusive and perpetual and shall include the right of ingress and egress to a public street or highway upon and over the Common Elements providing such access and as shown on the Plans.

(d) Easement for Use of Leased or Acquired Condominium Property. Each Unit Owner shall have a nonexclusive easement for use of any property hereafter acquired by the

Association for the common benefit of the Owners by purchase, lease or otherwise for all normal and proper purposes for which the same are reasonably intended, subject to all restrictions in the Condominium Documents and the Rules and Regulations.

(e) Easements for Encroachments. To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Plans in the original construction, repair, renovation, restoration or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement shall exist for the encroachment and the maintenance of the same, so long as the encroaching Unit or Common Element stands. A valid easement shall not relieve an Owner of liability for his or his agent's negligence or intentional acts in cases of willful and intentional misconduct by him or his agents or employees. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements upon any Unit or of any Unit upon any of the other Unit or Common Elements resulting from such construction, reconstruction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching Improvements shall stand.

(f) Easement of Support. Each Residential Unit and the Common Elements shall have an easement of support from every other Residential Unit and the Common Elements that provide such support therefor.

(g) Easement for Use of Limited Common Elements. Each Owner of the Limited Common Elements shall have an easement for the repair, maintenance and upkeep of the Limited Common Elements appurtenant to such Owner's Unit and for vehicular and pedestrian ingress and egress to and from the Limited Common Elements for so long as the Limited Common Elements exist. The aforesaid easement shall be for the benefit of each Owner of the Limited Common Elements and its lessees, licensees and invitees.

(h) Easements Appurtenant to Units. The easements and other rights created herein for the Unit Owners shall be appurtenant to the Unit of that Owner and all conveyances of title to the Unit shall include a conveyance of the easements and rights as are herein provided even though no specific reference to such easements and rights appear in such instrument. The Owners do hereby designate the Declarant and the Association as their lawful attorney in fact to execute any and all instruments on their behalf for the purpose of creating all such easements as are contemplated by the provisions hereof.

(i) Use of Residential Limited Common Elements. Except as set forth in this Declaration, each Residential Unit Owner shall have, in common with all other Residential Unit Owners, an easement for the exclusive use of the Residential Limited Common Elements. The Chalet Section and the Residential Section shall be subject to such easement.

(j) Use of Chalet Limited Common Elements. Except as set forth in this Declaration, each Chalet Unit Owner shall have, in common with all other Chalet Unit Owners, an easement for the exclusive use of the Chalet Limited Common Elements. The Chalet Section and the Residential Section shall be subject to such easement.

(k) Other Restrictions, Easements, Conditions and Limitations of Record. The Units and the Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the Condominium Property, which easements and restrictions include those shown on the Plans and those certain restrictions, easements, conditions and limitations of record described in Exhibit "E" attached hereto.

3.13 **Units in the Residential Section.** Subject to the right of Declarant to exercise certain Development Rights and Special Declarant Rights described in this Declaration and the Act to add additional Units, Common Elements and Limited Common Elements to Snug Harbor Retreat, A Condominium, the second phase and subsequent phases of development of Snug Harbor Retreat, A Condominium may contain four types of single-family Residential Units. There are four basic floor plans for the Residential Units with square footage representing approximate measurements from the center line of the common (party) walls to the interior surface of the exterior walls. All Units in the Residential Section of subsequent phases of the development of Snug Harbor Retreat, A Condominium will be shown on the Plans attached to a Supplemental Declaration, will be single-family Residential Units and will be generally described as follows:

(i) Basic Unit type "A" is a two bedroom, two bathroom Unit, containing a kitchen, dining and living areas, containing approximately 1,075 square feet and a balcony of approximately 218 square feet serving the Unit as a Limited Common Element. There may be 3 type "A" Units identified as Units D102, D103, D104, D202, D203, D204 on each level two through three, inclusive, for a total of 6 type "A" Units.

(ii) Basic Unit type "B" is a three bedroom, two bathroom Unit, containing kitchen, dining and living areas, containing approximately 1,452 square feet. The "B" type Units on levels two through three have a balcony of approximately 301 square feet serving the Unit as a Limited Common Element. There may be two type "B" Units identified as Units D101, D105, D201, and D205 on each level two through three, inclusive, for a total of 4 type "B" Units.

(iii) Basic Unit type "C" is a two bedroom, two bathroom Unit, containing kitchen, dining and living areas, containing approximately 1,075 square feet. The "C" type Units on levels four through five have a balcony of approximately 218 square feet serving the Unit as a Limited Common Element. There may be three type "C" Units identified as Units D302, D303, D304, D402, D403, and D404 on each level four through five, inclusive, for a total of 6 type "C" Units.

(iv) Basic Unit type "D" is a three bedroom, two bathroom Unit, containing kitchen, dining and living areas, containing approximately 1,462 square feet. The "D" type Units on levels four through five have a balcony of approximately 301 square feet serving the Unit as a Limited Common Element. There may be two type "D" Units identified as Units D301, D305, D401, and D405 on each level four through five, inclusive, for a total of 4 type "D" Units.

(v) There may be a total of 20 Residential Units in Building Dockside which may be created by Declarant filing a Supplemental Declaration.

3.14 **Units in the Chalet Section.** Subject to the right of Declarant to exercise certain Development Rights and Special Declarant Rights described in this Declaration and the Act to add additional Units, Common Elements and Limited Common Elements to Snug Harbor Retreat, A Condominium, the initial development of Snug Harbor Retreat, A Condominium shall contain 18 Chalet Units, with all Chalet Units except for Chalet Units BB and DD containing 1,977 square feet in each Unit and Chalet Units BB and DD containing 1,160 square feet in each Unit. All Chalet Units in the Chalet Section of the initial development of Snug Harbor Retreat, A Condominium are shown on the Plans and consist of unimproved Real Property. There is a total of 18 Chalet Units.

3.15 **Construction of Improvements on a Chalet Unit.** All Improvements constructed on a Chalet Unit must be constructed in accordance with the plans and specifications for Chalet Units attached hereto as Exhibit "G" and with materials as set forth in such plans and specifications and approved by the Architectural Committee and Declarant. The Architectural Committee shall inspect the construction in progress of each Chalet Unit to assure its conformance with Plans and Specifications approved by the Architectural Committee

3.16 **Changes in the Chalet Section.** Except to the extent inconsistent with Section 12.3 of this Declaration or the Bylaws or prohibited by law, each Chalet Unit Owner shall have the right, subject to the approval of the Chalet Committee and Architectural Committee, which shall not be unreasonably withheld, but without the vote or consent of the Residential Committee or the Board or the other Unit Owners to: (1) decorate or make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Chalet Limited Common Elements that are appurtenant to such Chalet Unit; (2) change the layout or number of rooms in the Improvements on the Chalet Unit from time to time; (3); and change, alter or modify the facade and exterior portion of the Improvements on the Chalet Unit; provided that the Chalet Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Chalet Committee, the Residential Committee and the Board and all other Unit Owners harmless from any liability arising therefrom.

ARTICLE 4

ORGANIZATION AND MANAGEMENT

4.1 **Management of the Condominium Property.** Operation and administration of the Condominium Property shall be performed by the Association. The powers and duties of the Association shall include those set forth in the Act, the Alabama Nonprofit Corporations Act, Ala. Code §10-3A-1 *et seq.* (1975), this Declaration, the Articles of Incorporation, and the Bylaws. In addition, the Association shall have the power and authority specifically:

(a) To purchase one or more Units of the Condominium Property and otherwise acquire, hold, lease, mortgage and convey the same;

(b) To borrow funds to pay for such expenditures as may be authorized by the provisions of this Declaration;

(c) To enter into leases, or grant easements or licenses for the use of the Common Elements or Limited Common Elements in any manner not inconsistent with the rights of Owners; and

(d) To enter into agreements by which its powers and responsibilities or some of them may be exercised or performed by some other person or persons.

4.2 **Name.** The name of the Association shall be Snug Harbor Retreat Condominium Association, Inc.

4.3 **Members.** The members of the Association shall consist of all record Owners of the Units. Change of membership in the Association shall be established by recording in the public records of Marshall County, Alabama, the deed or other instrument establishing record title to a Unit and the delivery to the Association of a certified copy of such instrument; the Owner designated by such instrument thereby becoming a record Owner and a member of the Association. Membership of the prior Owner shall thereby be terminated. All present and future Owners, tenants and occupants of the Units shall be subject to and shall comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations, as the same may be amended from time to time. The votes for a Unit shall be cast by the record Owner thereof or the duly authorized proxy of the record Owner in the manner provided in the Bylaws.

4.4 **Voting Rights.** Each Unit shall be entitled to one vote, which vote is not divisible. The vote for a Unit shall be cast by the Owner of said Unit in the manner provided for in this Declaration and in the Bylaws; provided that in the event that the Association becomes an Owner, the Association shall not have the voting right for that Unit. In the event that there are multiple Owners of a Unit, the vote attributable to such Unit shall not be divided, but such Owners shall decide among themselves how such vote shall be cast.

4.5 **Restraint upon Assignment of Shares in Assets.** The share of an Owner in the funds or other assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the Unit of said Owner.

4.6 **Board of Directors.** The Association shall be governed by the Board of Directors, which shall consist of such number not less than three nor more than the number, from time to time, as shall be determined and fixed by a vote of the majority of the voting rights present at any meeting of the Owners.

4.7 **Bylaws.** The Association and its members shall be governed by the Bylaws. The Bylaws of the Association shall be in the form attached as Exhibit "C" to this Declaration, and may be amended from time to time as set forth therein.

4.8 **Chalet Committee and Residential Committee.** The Board of Directors shall appoint committees from time to time to research and evaluate specific problems, needs or functions and make recommendations to the Board of Directors. Such committees shall make recommendations only since decision making and policy formulation are the sole responsibility of the Board of Directors. In any event, the Board of Directors shall appoint a committee made up of one or more Residential Unit Owners (the "**Residential Committee**") in accordance with the Bylaws to make determinations and perform certain functions, to the extent permitted by law,

on behalf of the Board with respect to the Residential Section that do not materially adversely affect the Chalet Section, including the preparation and recommendation of annual budget entries for expenses allocated solely to the Residential Units, and any other matters requested from time to time by the Board. The Board of Directors shall also appoint a committee made up of one or more Chalet Unit Owners (the “**Chalet Committee**”) in accordance with the Bylaws to make determinations and perform certain functions, to the extent permitted by law, on behalf of the Board with respect to the Chalet Section that do not materially adversely affect the Residential Section, including the preparation and recommendation of annual budgets entries for expenses allocated solely to the Chalet Units and any other matters requested from time to time by the Board.

ARTICLE 5
OWNERSHIP OF COMMON ELEMENTS AND COMMON SURPLUS
AND SHARE OF COMMON EXPENSES; VOTING RIGHTS

5.1 **Ownership of the Common Elements.** The Ownership Percentage of each Unit in and to the Common Elements and the Common Surplus, if any, and the formula for determining the same is set forth on Exhibit “C” attached hereto. The Ownership Percentage of each Unit shall be an undivided interest, and except as provided in the Act and this Declaration shall remain undivided. No Owner shall bring any action for partition or division of the Common Elements and the Common Surplus. Except as is provided in any Supplemental Declaration, the Ownership Percentage of any Unit in the Common Elements and the Common Surplus shall not be conveyed, transferred, encumbered or otherwise affected separate from the ownership of the Unit, and any agreement to the contrary shall be void. Each Owner, and the holder of a Mortgage or lien on, or other interest in, any Unit, shall be deemed by the acceptance of a conveyance of, title to, or Mortgage or lien on such Unit, to have agreed and consented, within the meaning of this Declaration and the Act to such change or changes in the Ownership Percentage in the Common Elements and the Common Surplus and the share of each Unit of the Common Expenses as may result from the addition, if any, of Units, Common Elements or Limited Common Elements, which may be added to Snug Harbor Retreat by the exercise of the Development Rights and Special Declarant Rights provided for in this Declaration and in the Act, and to have so agreed and consented to any Supplemental Declaration, amendment or amendments to this Declaration effectuating the same.

5.2 **Membership in the Association and Voting Rights.** Each Unit Owner shall be a member of the Association. Each Unit shall be entitled to one, equally weighted vote to be cast by its Owner or Owners in accordance with the provisions of the Bylaws and the Articles of Incorporation. The total number of votes shall always be equal to the total number of Units submitted to condominium ownership pursuant to this Declaration. Membership in the Association shall automatically terminate upon the termination of ownership of a Unit, and the subsequent Owner(s) taking title shall automatically become entitled to membership.

5.3 **Use of Common Elements.** Each Owner shall have the right to use the Common Elements (except any portion of the Common Elements designated as a Limited Common Element and restricted to the exclusive use of and as an appurtenance to a Unit in conjunction with the Owners of other Units as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of Snug Harbor Retreat). The right to use

the Common Elements shall be subject to and governed by the provisions of the Act, Condominium Documents and the Rules and Regulations. In addition, the Association shall have the authority to lease, grant concessions, or grant easements with respect to parts of the Common Elements subject to the provisions of this Declaration and the Bylaws.

5.4 **Liability, Lien and Enforcement.** The Association is given the authority to administer the operation and the management of the Condominium Property, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Units. To provide the funds necessary for such proper operation, the Association is hereby granted the right to make, levy, and collect assessments against the Owners of all Units to pay Common Expenses, Limited Common Expenses and such other expenses that the Association is authorized to incur under the terms and conditions of this Declaration. In furtherance of said grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Condominium Property, the provisions of this Article 5 of this Declaration shall be effective and binding upon the Owners of all Units.

5.5 **General Assessments.** The Board of Directors shall from time to time, and at least annually, prepare and adopt an annual budget for the Condominium (“Budget for **Common Expenses**”), determine the amount payable by the Unit Owners to meet the Common Expenses of the Condominium, and allocate a General Assessment for all of the Units based upon such Budget for Common Expenses. Except as provided below or elsewhere in the Act or Condominium Documents, the General Assessment for each year shall be assessed against all the Units in accordance with the Ownership Percentage appurtenant to each Unit as set forth in Exhibit “C” attached hereto. The Board of Directors shall advise all Unit Owners promptly in writing of the amount of the General Assessment payable by each of them as determined by the Board of Directors as aforesaid. The Budget for Common Expenses shall include the reserves determined appropriate by the Board, the costs of carrying out the powers and duties of the Association and any other expenses designated as Common Expenses by the Act, this Declaration, the Articles of Incorporation, the Bylaws, or applicable rules and regulations of the Association. Incidental income to the Association, if any, may be used to pay regular or extraordinary Association expenses and liabilities, to fund reserve accounts, or otherwise as the Board shall determine from time to time, and need not be restricted or accumulated. Any Budget for Common Expenses shall be subject to change by the Board of Directors, and the amount of the General Assessment shall be changed in accordance with such revised Budget for Common Expenses to cover actual Common Expenses at any time. The Initial Association Budget containing Common Expenses is attached hereto as Exhibit “G”.

5.6 **Special Assessments.** Special Assessments may be levied by the Board of Directors against all the Units and shall be payable in lump sums or installments, in the discretion of the Board; provided that if such Special Assessments, in the aggregate in any fiscal year, exceed 115% of the total General Assessments and Special Assessments for the preceding fiscal year, the Board must obtain approval of the majority of the Owners of Units represented at a meeting duly called, noticed and held in accordance with the Bylaws and the Act.

5.7 **Section Assessments.** The Board of Directors may levy Section Assessments against the Chalet Section to meet the Chalet Section Expenses as indicated on the Initial Association Budget attached hereto as Exhibit “H” and which are for the repair of all private

roadways constituting Common Elements, or against the Residential Section, if Residential Units are created, to meet the Residential Section Expenses as indicated on any Association Budget and which are for: 1) elevator repairs and maintenance in Building Dockside, 2) water service to Building Dockside, 3) repair and maintenance of Common Elements and Limited Common Elements of Building Dockside, and 4) hazard insurance for Building Dockside. Section Assessments shall be payable in lump sums or installments, in the discretion of the Board.

5.8 **Individual Unit Assessments.** The Board may levy at any time an Individual Unit Assessment against a particular Unit for the purpose of defraying, in whole or in part, the cost of any special services to that Unit, for expenses approved by that Unit Owner, or any other charges designated in this Declaration as an Individual Unit Assessment.

5.9 **Omission of Assessment.** The omission by the Association, before the expiration of any year, to fix the assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay assessments or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

5.10 **Detailed Records.** The Association shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements, Limited Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Owner at convenient hours on weekdays.

5.11 **Default in Payment of Assessments.**

(a) The payment of any assessment or installment thereof due the Association shall be in default if such assessment or any installment thereof is not paid to the Association on or before the due date for such payment. When in default, the delinquent assessment or delinquent installment due the Association shall bear interest at the rate established by the Board of Directors not to exceed the maximum interest rate per annum allowed by law, until such delinquent assessment or installment, any late penalty and all interest due thereon has been paid in full. The Association shall have a lien against any Unit for delinquent assessments. Said lien shall secure and does secure the monies due for all assessments then or thereafter levied against the Owner of each Unit, and such lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing the Association. Said lien shall also secure all costs and expenses, including late penalties and reasonable attorneys' fees and court costs incurred by the Association in collecting delinquent assessments and enforcing such lien upon such Unit and its appurtenant undivided interest in the Common Elements or Limited Common Elements. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages in the State of Alabama. The lien granted to the Association shall further secure such advances for taxes and payment on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to protect and preserve its lien, and the Association shall further be entitled to interest at the maximum legal rate on judgments or the rate established by the Board of Directors, whichever is greater, on any such advance made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any

interest in the ownership of any Unit or who may be given or acquire a mortgage, lien, or other encumbrance thereon are hereby placed on notice of the lien rights granted to the Association and shall acquire such interest in any Unit expressly subject to the lien.

(b) The lien herein granted to the Association shall be, effective from and after the time of recording this Declaration in the Probate Office, a claim of lien stating a description of the Unit encumbered thereby, the name of the record Owner, the amount due, the date when due, and the lien shall continue in effect until all sums secured by such lien, as herein provided, shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus late penalties and penalties imposed by the Association for Rules and Regulations violations, interest, costs, reasonable attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claim of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record at the Unit Owner's cost. The claim of lien filed by the Association shall be subordinate to the lien of any Mortgage or any other lien recorded prior to the time of recording of the Association's claim of lien. The Association's claim of lien for collection of such portion of any tax or special assessment shall specifically designate that the same secures an assessment levied pursuant to the provisions of Article 5 of this Declaration.

(c) Whenever the Eligible Mortgagee of a Mortgage of record, or other purchaser of a Unit, obtains title to the Unit as a result of foreclosure, such acquirer of title and his successors or assigns shall not be liable for the share of assessments by the Association pertaining to the Unit or chargeable to the former Owner of the Unit which became due prior to the acquisition of title as a result of the foreclosure. Such unpaid share of the assessments shall be deemed Common Expenses or Limited Common Expenses, as the case may be, collectible from all the Unit Owners in the proportionate share of their ownership of the Common Elements or the Limited Common Elements, respectively, including such acquirer and his successors and assigns.

5.12 **Election of Remedies.** Institution of a suit at law to collect payment of any delinquent assessments shall not be deemed to be an election by the Association which shall prevent its thereafter seeking enforcement of the collection by foreclosure of any sums remaining owing to it nor shall proceeding by foreclosure to effect such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association. The Association shall be entitled to bid at any sale held in connection with the foreclosure of the assessment lien and may apply as a cash credit against its bid all sums secured by the lien enforced.

ARTICLE 6
MAINTENANCE AND OPERATION OF THE CONDOMINIUM PROPERTY

6.1 **The Association's Obligation to Maintain and Repair.** The Association acting through the Board of Directors shall be responsible for the maintenance, repair and replacement of the following, the costs of which shall be charged to all Unit Owners as Common Expenses:

- (i) The Common Elements which by definition excludes the surfaces of all interior walls, floors, ceilings, entrance doors, and windows of a Residential Unit (except, solely with respect to a Residential Unit, the painting of the exterior faces of the exterior doors, windows, shutters or blinds, if any, which shall be the responsibility of the Association);
- (ii) Incidental damage caused to a Unit by any work done by the Association;
- (iii) Portions of the Units contributing to the support of any Building containing Residential Units, including outside walls and load bearing columns, excluding, however, interior wall and floor surfaces.

The Association acting through the Board of Directors shall be responsible for the maintenance, repair and replacement of the Limited Common Elements, the cost of which shall be charged to all Unit Owners to which said Limited Common Elements being maintained, repaired or replaced attach as a Limited Common Expense.

This Section 6.1 shall not relieve a Unit Owner of liability for damage to the Common Elements or Limited Common Elements caused by the Unit Owner, his family members, guests, invitees, lessees or licensees as a consequence of the negligence or willful misconduct of such person. The cost of repair for any damage so caused by a Unit Owner, his family members, guests, invitees, lessees or licensees, shall be a special assessment against the Unit Owner responsible therefor.

6.2 **Each Owner's Obligation to Maintain and Repair.**

(a) Except for those portions of the Condominium Property which the Association is required to maintain and repair, each Owner shall, at such Owner's expense, maintain his Unit and the Limited Common Elements attributable to his Unit in good tenantable condition and repair, and shall be responsible for the repair, maintenance and replacement, if necessary, of the following items in or appurtenant to his Unit:

- (i) The fixtures and equipment in his Unit, including the refrigerator, stove and all other appliances within the Unit; drains, sinks, plumbing and plumbing fixtures and connections within the Unit; electrical panels, wiring, outlets and electrical fixtures within the Unit; interior doors, windows, window frames, screening and glass; all exterior doors, except the painting of the exterior faces of the exterior doors and windows which shall be the responsibility of the Association; all wall coverings including paint, wallpaper and light fixtures; and all flooring including carpeting, vinyl and ceramic tile within a Unit;

(ii) The plumbing, heating, air conditioning and electrical systems serving only that Unit, whether located within or without the boundary of that Unit, including the fuse boxes, wiring, flues, and all other plumbing, electrical, gas or mechanical systems. In the event any such system or a portion thereof is within another Unit or requires access to another Unit, the repair, maintenance or replacement thereof shall be performed by the Association, and the cost thereof shall constitute an assessment against the Unit Owner responsible therefor; and

(iii) any patio, balcony, terrace or porch that are located adjacent to and connected with a Unit for the exclusive use of the Unit.

(b) Anything herein to the contrary notwithstanding, each Chalet Owner shall be responsible for the repair, maintenance and replacement of all improvements located on such Owner's Chalet Unit, including but not limited to, the foundations and footings, load bearing walls, perimetrical walls, structural slabs, columns, beams, supports, roof, and chimney, as needed to maintain such improvements in good repair.

(c) Each Unit Owner agrees as follows:

(i) To perform all maintenance, repairs and replacements which are his obligations under subparagraph (a) and (b) to this Section 6.2;

(ii) To pay all utilities as herein provided and all taxes levied against his Unit;

(iii) Not to make, or cause to be made, repairs to any plumbing, heating, ventilation or air conditioning systems located outside his Unit but required to be maintained by him under subparagraph 6.2(a)(ii) except by licensed plumbers or electricians authorized to do such work by the Association or its delegate;

(iv) Not to make any addition or alteration to his Unit or to the Common Elements or Limited Common Elements or to do any act that would impair the structural soundness, safety or overall design scheme of any part of the Condominium Property or that would impair any easement or right of the Declarant or a Unit Owner without the prior written consent of the Association, the Declarant and all Unit Owners affected thereby;

(v) Not to make any alteration, addition, improvement, decoration, repair, replacement or change to the Common Elements, Limited Common Elements, or to any outside or exterior portion of the Unit, excluding any alteration or addition made pursuant to the procedure described in subparagraph (iv) above, including altering in any way exterior doors, windows, window frames or the exterior faces of exterior doors or windows, affixing outside shutters (if any) to windows or painting any part of the exterior part of his Unit, without the prior written consent of the Association; provided that if such consent is granted, the Unit Owner shall use only a contractor approved by the Association, who shall comply with all Rules and Regulations with respect to the work which may be adopted by the Association and the Unit Owner shall be liable for all damages to another Unit and to the Common Elements or Limited Common Elements caused by any contractor employed by such Unit Owner or by the subcontractors or employees of such contractor, whether said damages are caused by negligence, accident, or otherwise; and

(vi) To promptly report to the Association any defects or needed repairs for which the Association is responsible.

(d) The Association shall be obligated to answer any request by a Unit Owner for any required approval of a proposed addition, alteration or improvement (by painting or otherwise) within 45 days after such request, but its failure to do so within the stipulated time shall not constitute a consent of the Association to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Association, without, however, its incurring any liability on the part of the Board of Directors or any of them or the Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim of injury to a person or damage to property arising therefrom. The review by the Association under this Section 6.2 shall in no way make the Association liable for any alterations, additions, or improvements by any Unit Owner. Rather such review is for purposes of aesthetics and control only. The provisions of this Section shall not apply to Units owned by the Declarant until a deed for such Unit has been delivered to the purchaser thereof.

6.3 Alterations, Additions and Improvements by the Association. Except in the case of loss or damage to the Common Elements or Limited Common Elements as contemplated by Article 9 of this Declaration, the Association shall not make any material structural alterations, capital additions or capital improvements to the Common Elements or Limited Common Elements (other than for the purpose of replacing, restoring or rehabilitating portions of the Common Elements or Limited Common Elements which is in accordance with this Declaration and which does not require an expenditure of more than \$5,000, exclusive of any funds applied from the reserves maintained hereunder) unless the same is authorized by the Board of Directors and ratified by the affirmative vote of the voting members casting not less than 75% of the total votes of the members of the Association present at any regular or special meeting of the Unit Owners called for that purpose at which a quorum is present and approved by a majority of the Eligible Mortgagees eligible to vote therefor. The cost of the foregoing shall be assessed against the Owners of Units as provided in Article 5 hereof except as otherwise provided in this Section 6.3. Where any alterations or additions as aforesaid are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same, then the cost of such alterations or additions shall be assessed against and collected solely from the Unit Owners exclusively, or substantially exclusively, benefiting therefrom, and the assessment shall be levied in such proportions as may be determined to be fair and equitable by the Board of Directors. Where such alterations or additions exclusively, or substantially exclusively, benefit Unit Owners requesting the same, said alterations and additions shall be made only when authorized by the Board of Directors and ratified by not less than 75% of the total votes of the Unit Owners exclusively, or substantially exclusively, benefiting therefrom. Alterations, improvements or repairs of an emergency nature may be made upon authorization by a vote of the majority of the Directors available for consultation if the same is necessary and in the best interest of the Unit Owners.

6.4 Utilities. Each Unit Owner shall be required to pay all charges for utilities, including electricity, gas, water, sewer, cable television, and telephone service, used or consumed in his Unit. The utilities indicated on the Initial Association Budget or serving the

Common Elements only shall be separately metered and paid by the Association as a Common Expense. The Association shall have authority to pay the cost of any of the utilities used or consumed in the Units not separately metered and have the costs thereof apportioned among the Units based upon use of the utility or any other formula the Association may deem appropriate.

6.5 **Costs of Certain Chalet Limited Common Elements.** Notwithstanding anything to the contrary in this Section 6, if a Chalet Limited Common Element or a Common Element benefits only certain Chalet Unit Owners, then the Chalet Section's costs of alteration, addition, repair, replacement and restoration thereto (except in connection with a casualty or condemnation) shall be borne solely by those Chalet Unit Owners who benefit from the Chalet Common Element in the proportion that the Ownership Percentage of each benefiting Chalet Unit Owner bears to the Ownership Percentage of all benefiting Chalet Unit Owners. In addition, except as otherwise provided in the Bylaws, such Chalet Unit Owners shall be responsible for the normal operation, maintenance and repair, including the cost of staff necessary for such operation, maintenance and repair, of any such Chalet Limited Common Element at their sole cost and expense.

6.6 **Costs of Certain Residential Common Elements.** Notwithstanding anything to the contrary in this Section 6, if a Residential Limited Common Element or a Common Element benefits only certain Residential Unit Owners, then the Residential Section's costs of alteration, addition, repair, replacement and restoration thereto (except in connection with a casualty or condemnation) shall be borne solely by those Residential Unit Owners who benefit from the Common Element in the proportion that the Ownership Percentage of each benefiting Residential Unit Owner bears to the Ownership Percentage of all benefiting Residential Unit Owners. In addition, except as otherwise provided in the Bylaws, such Residential Unit Owners shall be responsible for the normal operation, maintenance and repair, including the cost of staff necessary for such operation, maintenance and repair, of the Common Elements and Limited Common Elements comprising Building Dockside at their sole cost and expense.

ARTICLE 7

RESTRICTIONS ON USE OF UNITS, COMMON ELEMENTS, AND LIMITED COMMON ELEMENTS

7.1 **General Rules and Regulations of the Association.** The Association is authorized to promulgate, amend and enforce Rules and Regulations concerning the operation and use of the Condominium; provided that such Rules and Regulations are not contrary to or inconsistent with the Act or the Condominium Documents. A copy of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time they become effective. All present and future Unit Owners, tenants, and occupants of the Units and any person who uses any part of the Condominium Property in any manner, are subject to, and shall comply with the provisions of the Condominium Documents and the Rules and Regulations. The acquisition, rental or occupancy of a Unit or the use of any part of the Condominium Property by any one person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Documents and the Rules and Regulations, and such provisions shall be deemed to be enforceable as equitable servitudes and covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such

provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof. The Association may promulgate enforcement provisions for violation of any Rule or Regulation by a Unit Owner, his family members, guests, invitees, lessees or renters, including the payment of penalties for such violations.

7.2 **Restrictions on Use.** The use of the Condominium Property is subject to the following restrictions:

(a) No Obstruction. There shall be no obstruction of the Common Elements or Limited Common Elements, nor shall anything be kept or stored in the Common Elements or Limited Common Elements (except balconies and terraces appurtenant to any Unit), nor shall anything be constructed on or planted in or removed from the Common Elements or Limited Common Elements, nor shall the Common Elements in any other way be altered without the prior written consent of the Association.

(b) No Unlawful Use. No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Elements or the Limited Common Elements, or any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction over the Condominium Property shall be observed.

(c) No Increase to Insurance Premiums. No Owner shall permit anything to be done or kept in his Unit or in the Common Elements or Limited Common Elements which will result in any increase of fire or hazard insurance premiums or the cancellation of insurance on any part of the Condominium Property, or which would be in violation of any law. No waste shall be committed to the Common Elements or Limited Common Elements.

(d) Signs. Except as otherwise set forth in this Declaration, no sign of any kind shall be displayed to the public view on or from any part of the Condominium Property, including “for sale” or “for rent” signs, without the prior written consent of the Board of Directors, except signs temporarily used by the Declarant in the selling or leasing of the Units.

(e) Window Treatments. All window treatments, including curtains, blinds, shades or anything covering the windows shall be white, off-white or lined in white. Blinds or shutters located on the exterior of a Residential Unit, if any, may not be painted or altered by the Unit Owner.

(f) Unreasonable Annoyance or Nuisance. No noxious or offensive activities shall be carried on, nor shall any outside lighting or sound speakers or other sound producing devices be used, nor shall anything be done, in any part of the Condominium Property, which in the judgment of the Board of Directors may be or may become an unreasonable annoyance or nuisance to the other Owners.

(g) Exterior of Units. No Owner shall cause or permit anything to be placed on the outside walls of his Unit, and no sign, awning, canopy, window air conditioning unit, shutter, or other fixture shall be affixed to or placed upon the exterior walls or roof of any building or any part thereof, without the prior written consent of the Board of Directors. No clothes, sheets, blankets, towels, laundry of any kind, flags, streamers, balloons, holiday decorations or other articles shall be hung out or exposed on any part of any balcony, terrace, railing or furniture on

any part of the Common Elements or the Limited Common Elements. The Common Elements and the Limited Common Elements shall be kept clear of rubbish, debris and other unsightly materials.

(h) Transmission Equipment, Antennas, Dishes and Discs. No ham radios or radio transmission equipment shall be placed on any Common Element or Limited Common Element so as to be visible from any street or any Unit; no television or radio antennas or television satellite dishes over 39.37 inches shall be permitted and any such devices may not extend over any Common Area.

(i) Animals. No livestock, poultry, reptiles, insects or raptors of any kind shall be raised, bred or kept in any Unit except that not more than two dogs under 22 lbs, or one dog under 66 lbs, and not more than 2 cats, or 2 caged birds may be kept as domestic pets; provided that they are not kept, bred or maintained for any commercial purposes. Owners must obtain written approval from the Association for each pet they wish to keep. No dog houses or cat litter boxes are allowed on any balcony, terrace, loggias or roof. No railing may be modified for any pet. The Association will levy each pet owner an additional assessment to defray any additional Common Expenses, which may be caused by a pet. The Association may modify pet assessments from time to time.

(j) Trash. Each Chalet Unit shall provide their own trash container and shall contract separately from the Association for their individual trash service. The Association will not provide or pay for trash service to the Chalet Units. Each Owner of a Chalet Unit shall place his refuse and trash in his or her container for regularly scheduled removal. The Association will contract for trash service for the Residential Unit Owners and will assess the Residential Unit Owners for the cost of such service as a Residential Section Expense. Residential Unit Owners are the only Units that shall have access to the trash chute in such Residential Unit Owners Building.

(k) Outdoor Grilles. No outdoor grilles are allowed except those specifically approved in writing by the Association. Each Chalet Unit shall be allowed to maintain one outdoor grill.

(l) Business Activities. Business activities that are normally carried out in a home based business are allowed except that any business activities shall not cause routine visits by any type of guest (i.e. clients, vendors, customers, contractors) with a frequency of greater than four per day or 16 per week.

(m) Parking. All parking spaces shall be used exclusively for the parking of passenger automobiles or trucks classed by manufacturer rating as not exceeding three-quarter ton. No boat, trailer, mobile home, detached camper shell, recreational vehicle, or similar vehicle or equipment shall be permitted to be parked or stored at any place on the Condominium Property without the prior approval of the Board of Directors. This covenant for parking shall not be apply to temporary parking of trucks and commercial vehicles used for pick up and delivery. The Association may have any violating vehicle towed at the sole expense of the owner of such vehicle and the parking of vehicles shall otherwise be subject to the Rules and Regulations applicable to parking. The Association shall not be liable to the owner of such vehicle or

equipment for trespass, conversion or otherwise, nor guilty of any criminal act by person for such towing and neither its removal nor failure of the owner to receive any notice of said violation shall be grounds for relief of any kind. An Owner may not lease or otherwise grant a license or use right for any of the parking rights provided for in this Declaration.

(n) Vehicle Maintenance and Repair. No maintenance or repairs shall be performed on any vehicle on any portion of the Condominium Property except in an emergency. Notwithstanding the foregoing, any repairs to disabled vehicles must be completed within twenty-four hours from the time of immobilization or the vehicle must be removed from the Condominium Property.

(o) Balconies, Terraces, Loggias. Each Owner must submit requests to the Association, along with photographs or drawings, of any furniture, planter or container or other semi-permanent item he wishes to place on any balcony, terrace or loggia.

7.3 Use Restrictions for Units. Each Unit shall be used for residential purposes only; provided that Owners of Units may conduct “in-home” business activities so long as such business activity does not: (i) violate the terms and conditions of the certificate of occupancy for such Unit or applicable Laws; (ii) increase the volume of guests beyond what would reasonably be experienced in the absence of such business activities; or (iii) otherwise adversely affect the use or enjoyment of neighboring or adjacent Units for residential purposes. Units may only be leased in accordance with the By-Laws and the Rules and Regulations. Notwithstanding the foregoing or anything contained in the By-Laws or Rules and Regulations to the contrary, Declarant may, without the permission of the Board or the Residential Committee or Chalet Committee, (a) grant permission for the use of any Unit owned by it as a professional office or for any other purpose; provided that such use is permitted by Law, and does not violate the then existing certificate of occupancy for such Unit or any other Laws, and (b) use any unsold Units owned by it as models and sales and/or promotion offices in connection with the sale or rental of the Units, subject only to compliance with applicable Law.

7.4 Right of Access. Each Unit Owner grants a right of access to his Unit to the Association, and to any other person authorized by the Association for the purpose of making inspections and for the purpose of correcting any condition originating in his Unit and threatening other Units, the Common Elements or the Limited Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements within his Unit, if any, or to correct any condition which violates the provisions of any Mortgage covering another Unit, or to enforce any provision of the Condominium Documents, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not. Each Unit Owner further grants a right of access to his Unit to the Declarant or his agent, or other authorized representative who is not Declarant’s agent, for the purpose of making all repairs required by any warranty delivered to the Unit Owner at the closing of his Unit. To the extent that damages are inflicted on the Common Elements, Limited Common Elements or any Unit through which access is taken, the Unit Owner or the Association, if it causes the same, shall be liable for the prompt repair thereof.

7.5 **Limitation of Liability.** The Association shall not be liable for any failure of water or power supply, telephone, security, fire protection or other service to be obtained by the Association or paid for out of the Common Expense funds, for problems resulting from the operation or lack of operation of sewer lines servicing the Condominium Property, or for injury or damage to a person or property caused by the natural elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements, Limited Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the Owner of any Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements or the Limited Common Elements. No diminution or abatement of the Common Expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements, the Limited Common Elements or to any Unit, or from any action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental or judicial authority or for the dispossession of the Unit Owner by reason of fire or other casualty, except to the extent covered by insurance.

7.6 **Abatement of Violations.** The violation of any Rule or Regulation adopted by the Board of Directors or breach of the provisions of the Condominium Documents, shall give the Declarant, the Association or any Unit Owner the right, in addition to any other right or remedy elsewhere available to it, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. All expenses of such actions or proceedings against a defaulting Unit Owner, including court costs, attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest lawful rate on judgments until paid, shall be charged to and assessed against such defaulting Owner, and the Association shall have a lien for all of the same upon the Unit of such defaulting Owner, upon all of his additions and improvements thereto and a security interest under the Alabama Uniform Chalet Code upon all of his personal property in his Unit or located elsewhere on the Condominium Property. Nothing herein contained shall prevent an Owner from maintaining such an action or proceeding against the Association and the expense of any action to remedy a default of the Association shall be a Common Expense if a court of competent jurisdiction finds the Association to be in default as alleged in such action or proceeding.

7.7 **Failure to Insist on Strict Performance; No Waiver.** Failure of the Association to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment from the future performance of such term, covenant, condition or restriction but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Association of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed to be a waiver of such breach and no waiver by the Association of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors.

7.8 **Use by Declarant.** Subject to the rights of the Eligible Mortgagees hereunder, neither the Owners, the Board of Directors nor their use of the Condominium Property or application of this Declaration shall interfere with the completion of the

contemplated improvements and sales of the Units in the Condominium until Declarant has completed all of Declarant's contemplated improvements and closed the sales of all of such Units. Subject to the rights of the Eligible Mortgagees hereunder, the Declarant may make such use of the unsold Units and of the Common Elements as may facilitate such completion and sale, including maintenance of a sales office and grounds, the showing of the Condominium Property and the Units therein, the display of signs thereon and therein. The Declarant expressly reserves the right to lease any Unit which it may own in the Condominium Property on such terms as it may deem proper and desirable and may transfer Units subject to any such lease.

7.9 **Signs.** Declarant or its designee and their successors and assigns shall, to the extent permitted by law, have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Property (other than on the exterior walls of the Building surrounding Units not owned by the party erecting the sign) for the purposes of advertising the sale or lease of any Unsold Unit.

7.10 **Sound Transmission.** Declarant hereby discloses that there may be sound transmission that will naturally occur between floors and the Residential Units. All Residential Units shall have the floors covered with carpet, tile or wood flooring, provided that appropriate underlayment is installed to minimize, as best as reasonably possible, sound transmission between the Residential Units. Any and all such installations shall not be undertaken without the prior written consent of the Association. If the installation is made without such prior written approval, the Board may, in addition to exercising all the other remedies provided in this Declaration, require the offending Residential Unit Owner to cover all such hard-surface flooring with carpeting, or require the removal of such hard-surface flooring at the expense of the offending Residential Unit Owner. Each Residential Unit Owner, by acceptance of a deed or other conveyance of title of their Residential Unit, hereby acknowledges and agrees that sound and impact noise transmission in a building such as within the Condominium is very difficult to control, and that noises from adjoining, adjacent or nearby Units and/or mechanical and plumbing equipment, lines and facilities can be heard in another Unit. The Declarant does not make an representation or warranty as to the level of sound or impact noise transmission between and among Units and the other portion of the Condominium Property, and each Unit Owner hereby waives and expressly releases, to the extent not prohibited by applicable law as of the date of this Declaration, any such warranty and claims for loss or damages resulting from sound or impact noise transmission.

7.11 **Leasing of Units.**

(a) No Unit Owner may lease or rent a Unit if delinquent in the payment of any Assessments. If all Assessments are paid up to date, a Unit Owner may rent or lease a Unit without further approval; and the rights of any tenants are hereby made subject to the power of the Association to prescribe reasonable rules and regulations relating to the rental or leasing of a Unit and to enforce the same directly against a tenant or other occupant by the exercise of such remedies as the Board of Directors deems appropriate, including eviction. Each Unit Owner who shall lease his Unit irrevocably empowers the Association or its managing agent to enforce the rules and regulations and to terminate the lease and evict any tenant who fails to comply with the rules and regulations. The Association, the Board of Directors, and any agent thereof, shall not become liable to any Unit Owner or any person who sublets a Unit, or any other party for any

loss of rents or other damages resulting from the reasonable exercise of the provisions of this paragraph. The Unit Owner renting or leasing a Unit shall promptly notify the Association and any management firm of each renter and the term of such rental or lease. The sub-leasing or sub-renting of a Unit Owner's interest shall be subject to the same limitations as are applicable to the leasing or renting thereof. The Association shall have the right to require upon notice to all Unit Owners that a substantially uniform form of lease or sub-lease be used by all Unit Owners (including the Declarant) intending to rent or lease after said notice and to provide such form as a Common Expense. Entire Units only may be rented, provided the occupancy is only by the lessee, his family and guests; no individual rooms may be rented. The provisions of this Section shall not be amended without the prior written approval of the Declarant for so long as the Declarant owns any Units of the Condominium. The enforcement of this paragraph shall be subject to any superseding governmental regulations which control or are applicable.

(b) A tenant of a Unit shall have all of the use rights in the Common Elements otherwise readily available for use generally by Unit Owners, and the Owner of the lease Unit shall not have such rights, except as a guest. This shall not, however, interfere with access rights of any Owner as landlord pursuant to applicable law.

ARTICLE 8

RIGHTS OF MORTGAGEES

8.1 **Notification of Eligible Mortgagees Required.** Any Eligible Mortgagee shall have the right to be given written notification by the Association of (i) any 60 day default by the Owner of the Unit covered by the Mortgage in the payment of assessments or in any other provision of the Condominium Documents; (ii) any loss to or taking of the Common Elements or the Limited Common Elements if such loss or taking exceeds \$10,000; (iii) damage to a Unit covered by its Mortgage if the amount of such damage exceeds \$1,000; (iv) any condemnation of all or a portion of the Condominium Property; (v) a lapse or cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (vi) any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

8.2 **Right of Inspection.** Eligible Mortgagees shall have the right to examine the books and records of the Association or the Condominium Property and to receive annual reports, other financial data, and, upon request, an annual audited statement, within 90 days following the end of any fiscal year of the Association.

8.3 **Required Reserve Funds and Working Capital Fund.** Assessments levied by the Board Of Directors shall include an adequate reserve fund for maintenance, repair and replacement of those Common Elements and Limited Common Elements that must be replaced or repaired on a periodic basis, and may be payable in regular installments rather than by special assessments. A working capital fund shall be established for each Unit Owner purchasing a Unit. Assessments levied by the Board Of Directors shall include an adequate reserve fund for maintenance, repair and replacement of those Common Elements and Limited Common Elements that must be replaced or repaired on a periodic basis, and shall be payable in regular installments rather than by special assessments. A working capital fund shall be established and each Unit Owner purchasing a Unit from the Declarant shall pay a one-time assessment equal to two months' assessment at the time of closing the purchase by each Unit Owner of a Unit to be

used by the Association as a reserve for working capital. The Declarant is prohibited from using the working capital funds to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits while it is in control of the Association. When unsold Units are sold by the Declarant, the Declarant may reimburse itself for funds it paid the Association for an unsold Unit's share of the working capital fund by using funds collected at closing when such Unit is sold.

8.4 **Priority of Eligible Mortgagees.**

(a) Any lien which is or may be created hereunder upon any Unit, including the lien created for assessments under Sections 5.5 through 5.8 hereof, and the right to foreclose the same, is and shall be subject and subordinate to, and shall not affect the rights of the holder of the indebtedness secured by any Mortgage upon such interest made in good faith and for value and recorded prior to the creation of the lien hereunder; provided that after the foreclosure of any such Mortgage there may be a lien created pursuant to Sections 5.7 through 5.8 hereof on the interest of the purchaser as an Owner after the date of such foreclosure sale to secure all assessments hereunder. After the date of such foreclosure sale, said lien, if any, shall be claimed and shall have the same effect and be enforced in the same manner provided herein. Notwithstanding the foregoing, the lien created pursuant to this Declaration is prior to any Mortgage to the extent of the assessments for Common Expenses based on the annual budget, which Common Expenses would have become due in the absence of acceleration of the Mortgage during the six-month period before institution of an action to enforce the lien created hereunder.

(b) No provision of this Declaration, the Articles of Incorporation, the Bylaws or the Rules and Regulations shall be construed to grant to any Unit Owner, or to any other party any priority over any rights of the Eligible Mortgagees of the Units pursuant to their Mortgages in the case of distribution to Unit Owners of the insurance proceeds or condemnation awards for losses or a taking of Units or the Common Elements, the Limited Common Elements or any portion thereof.

(c) As provided in the Act, all assessments, property taxes and other charges imposed by any taxing authority which may become liens prior to a Mortgage, shall be separately assessed against and collected on each Unit as a single parcel, and not on the Condominium Property as a whole.

(d) No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any Mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or otherwise.

8.5 **Request for Protection by Eligible Mortgagees.** Whenever any Eligible Mortgagee desires the benefit of the provisions of this Article 8 to be applicable to it, it shall serve written notice of such fact upon the Association, by registered or certified mail, addressed to the Association, and actually mailed to the Association's address stated herein, identifying the Unit upon which it holds a Mortgage or identifying any Units owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it. Said notice shall

designate the place to which the notices are to be given by the Association to such Eligible Mortgagee.

ARTICLE 9
CASUALTY LOSS AND INSURANCE

9.1 Responsibility of Owners; Separate Insurance Coverage.

(a) The Owner of each Unit may, at his expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects, and other property belonging to such Owner, and may, at his expense, obtain insurance coverage against personal liability for injury to the person or property of another while within such Owner's Unit or upon the Common Elements or the Limited Common Elements. **Risk of loss of or damage to any furniture, furnishings and personal property belonging to or carried on the person of the Owner, or which may be stored in any Unit, or in or upon Common Elements or the Limited Common Elements, shall be borne by the Owner of each Unit.** All furniture, furnishings and personal property constituting a portion of the Common Elements or the Limited Common Elements and held for the joint use and benefit of all Owners of Units shall be covered by such insurance as shall be maintained in force and effect by the Association as hereinafter provided. Each Owner of a Residential Unit shall be required to notify the Association of all improvements made by the Owner to his Residential Unit, the value of which is in excess of \$5,000. All insurance obtained by the Owner of each Unit shall, whenever such provisions shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners, the Association or the Declarant, and their respective servants, agents, employees and guests.

(b) Any Owner who obtains an individual insurance policy covering any portion of the Condominium Property other than personal property belonging to such Owner shall be required to file a copy of such individual policy or policies with the Association within 30 days after the purchase of such insurance. In the event casualty insurance maintained by an Owner causes a decrease in the amount of the insurance coverage maintained by the Association for the benefit of all Owners on a casualty loss to the Condominium Property by reason of proration or otherwise, the Owner so maintaining such insurance shall be deemed to have assigned to the Association the proceeds collected on such policy for loss or damage to the Condominium Property and such proceeds shall be paid directly to the Association by the insurer. Any such insurance proceeds shall be applied and distributed by the Association in accordance with this Article 9.

(c) Anything herein to the contrary notwithstanding, each Chalet Unit Owner at their cost and expense, shall obtain and maintain at all times a policy or policies of multi-peril type hazard insurance, insuring such Owner's Chalet Unit and all improvements located thereon, against loss or damage by the perils of fire, lightning and those perils contained in extended coverage, vandalism and malicious mischief endorsements and, if the Chalet Unit is located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards, the Chalet Unit Owner shall, to the extent obtainable, insure the insurable property included in the Chalet Unit against the perils of flood under the National Flood Insurance Act of 1968 and acts amendatory thereto. The amount of insurance coverage shall be determined on a replacement cost basis in an amount not less than 100% of the then current replacement cost of

the improvements, including fixtures, equipment and other personal property within the boundaries of the Chalet Unit (but excluding land, foundations, excavations and other items usually excluded from such insurance coverage). Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Chalet Unit Owner or its mortgagee.

9.2 **Insurance to be Maintained by the Association.**

(a) Hazard Insurance. The Association shall obtain and maintain at all times a policy or policies of multi-peril type hazard insurance, including insurance for such other risks of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design, location and use, insuring the Condominium Property against loss or damage by the perils of fire, lightning and those perils contained in extended coverage, vandalism and malicious mischief endorsements and, if the Condominium Property is located in an area identified by the Secretary of Housing and Urban Development as having special flood hazards, the Board shall, to the extent obtainable, insure the insurable property included in the Condominium Property against the perils of flood under the National Flood Insurance Act of 1968 and acts amendatory thereto. The amount of insurance coverage shall be determined on a replacement cost basis in an amount not less than 100% of the then current replacement cost of the improvements, including fixtures, equipment and other personal property inside the Units in the Condominium Property (but excluding land, foundations, excavations and other items usually excluded from such insurance coverage). Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association or the Insurance Trustee (hereinafter defined), as trustee for the use and benefit of the individual Owners (without naming them) in the proportionate shares equal to their respective percentage ownership of the Common Elements and the Limited Common Elements, except all proceeds payable as a result of a loss suffered by the Common Elements or Limited Common Elements of Building Dockside shall be for the use and benefit of the individual Residential Unit Owners (without naming them) in the proportionate shares equal to their respective percentage ownership of the Common Elements and the Limited Common Elements in Building Dockside and, for purposes of this allocation, excluding any ownership of the Chalet Owners. Prior to the renewal of any such policy or policies of insurance, the Association shall obtain an appraisal from a qualified appraiser for the purpose of determining the full replacement cost of the Common Elements, the Limited Common Elements and the Units for the amount of insurance to be effected pursuant hereto. The cost of any and all such appraisals shall be a Common Expense. All such policies of insurance shall comply with the provisions of Section 9.3 hereof and shall (i) contain standard mortgagee clause endorsements in favor of the Eligible Mortgagee or Eligible Mortgagees of each Unit, if any, as their respective interests may appear; and (ii) provide that the insurance shall not be invalidated by any act or neglect of any Owner. For purposes of this subparagraph 9.2(a) the term Condominium Property shall not include the Chalet Units and the Association shall not be obligated to purchase any policy of hazard insurance covering any improvements located on the Chalet Units.

(b) Public Liability and Condominium Property Damage Insurance. The Association shall obtain and maintain at all times a comprehensive policy or policies of public liability and property damage insurance in such amount (but not less than \$1,000,000) and in such form as shall be required by the Association to protect said Association and the Owners of all Units, which provide coverage for bodily injury and property damage resulting from the operation,

maintenance or use of the Common Elements and Limited Common Elements and for legal liability resulting from employment contracts to which the Association is a party and for claims against the officers and members of the Board of Directors for claims arising out of the negligent performance of their duties.

(c) Workmen's Compensation Insurance. The Association shall obtain and maintain at all times a policy or policies of workmen's compensation insurance to meet the requirements of the laws of the State of Alabama.

(d) Fidelity Bonds. The Association shall obtain and maintain fidelity bonds for any person who either handles or is responsible for funds held or administered by the Association naming the Association as the obligee. The amount of the fidelity bond should cover the maximum funds that will be in the custody of the Association, but not less than the sum of six months' assessments on all Units plus the reserve funds of the Association.

(e) Other Insurance. The Association shall obtain and maintain such other insurance coverage as the Board of Directors, in its sole discretion, may determine from time to time to be in the best interest of the Association and the Owners of all Units.

9.3 Governing Provisions. All insurance obtained and maintained by the Association as provided in Section 9.2 above shall be governed by the following provisions:

(a) All policies shall (i) comply with the hazard and casualty insurance requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association as they shall apply to condominium loans; and (ii) be written with a company licensed to do business in the State of Alabama and holding a financial rating of Class V or better and a general policyholders rating of "A" or better by Best's Insurance Reports or other then comparable rating. To the extent that the provisions of this Declaration with respect to the maintenance of insurance shall conflict with the hazard and casualty insurance requirements of the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, then the requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association shall control and such requirements shall be complied with by the Association.

(b) Exclusive authority to adjust all claims under the policies hereafter in force on the Condominium Property shall be vested in the Association or its authorized representatives.

(c) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with the insurance purchased by the individual Owners or their Eligible Mortgagees.

(d) The Association shall be required to make every 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, the Board of Directors, the Declarant or the Owners;

(ii) An agreement by the insurer that the insurance coverage cannot be terminated or materially changed without ten days' prior written notice to the Association and the Eligible Mortgagee of each Unit;

(iii) The insurance coverage will be primary, even if a Unit Owner has other insurance that covers the same loss; and

(iv) No act or omission by any Unit Owner, unless acting within the scope of Unit Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

9.4 **Premiums.** Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense; except that premiums for hazard insurance with regard to Building Dockside, if created in a subsequent phase of the Condominium, shall be assessed to the Residential Unit Owners. The amount of increase over the usual premium occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances or of the Common Elements by an Owner shall be assessed against that Owner.

9.5 **Insurance Trustee.** The Association may engage the services of a bank or trust company authorized to do trust business in the State of Alabama and having a capital and surplus of not less than \$50,000,000 to act on its behalf as an insurance trustee ("**Insurance Trustee**") and to receive and disburse the insurance proceeds in accordance with the provisions of this Declaration. In the event the lowest of two bids from reputable contractors for making all repairs required by any such loss shall exceed \$50,000, the Association upon written demand of the Eligible Mortgagee of any Unit shall engage the services of a bank or trust company to act as Insurance Trustee as aforesaid. The Association, as a Common Expense, shall pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Whenever the Insurance Trustee may be required to make distribution of insurance proceeds to Owners of Units and their Eligible Mortgagees, as their respective interests may appear, or to any other party for repair, replacement or reconstruction of property, the Insurance Trustee may rely upon a certificate of the President and Secretary of the Association, executed under oath, which certificate will be provided to said Insurance Trustee upon request made to the Association. Such certificate is to certify unto said Insurance Trustee the name of the Owner of each Unit, the name of the Eligible Mortgagee who may hold a Mortgage encumbering each Unit, and the respective percentages of any distribution which may be required to be made to the Owner of any Unit, and his respective Eligible Mortgagee, as their respective interests may appear, or to certify the name of the party to whom payments are to be made for repair, replacement or reconstruction of all or a portion of the Condominium Property. The rights of the Eligible Mortgagee of any Unit under any standard mortgagee clause endorsement to such policy shall, notwithstanding anything to the contrary therein or in any Mortgage contained, at all times be subject to the provisions hereof with respect to the application of insurance proceeds to reconstruction of the damaged Condominium Property; provided that if the Association or the Insurance Trustee fails to perform all the conditions precedent required by the policy or policies of insurance, and fails to collect the amount of the

loss within the time required by law, and the Eligible Mortgagee or Eligible Mortgagees are required to avail themselves of their rights under the standard mortgagee clause to collect the proceeds of the policy or policies of insurance, any amount so collected through the efforts of said Eligible Mortgagee or Eligible Mortgagees shall be applied as directed by said Eligible Mortgagee or Eligible Mortgagees. No provision hereof shall entitle an Owner or any other party to any priority over an Eligible Mortgagee with respect to the distribution of any insurance proceeds with respect to such Unit.

9.6 Loss to Common Elements Only. In the event of the loss of or damage to only Common Elements, real or personal, by reason of fire or other casualties, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the Association or the Insurance Trustee, as the case may be, to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such Common Elements, then such excess insurance proceeds shall be paid by the Insurance Trustee to the Owners of all Units, the distribution to be separately made to the Owner of each Unit and his respective Eligible Mortgagee, as their interests may appear, in such proportion that the share of such excess insurance proceeds paid to the Owner of each Unit and his Eligible Mortgagee shall bear the same ratio to the total excess insurance proceeds as the undivided interest in the Common Elements appurtenant to each Unit bears to the total undivided interest in the Common Elements appurtenant to all Units. If there is no insurance coverage for such loss or damage or, if it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the Association or the Insurance Trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Association shall pay, or shall deposit with the Insurance Trustee, as the case may be, a sum, which together with the insurance proceeds received or to be received, if any, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be so paid, or deposited by the Association with the Insurance Trustee, may be paid by the Association out of its reserve or replacement fund and if the amount in such reserve or replacement fund is not sufficient or, if the Board of Directors determines not to use such fund for said purpose, then the Association shall levy and collect an assessment against the Owners of all Units in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

9.7 Loss to Common Elements and Units. In the event of loss of or damage to Common Elements and any Unit by reason of fire or other casualty, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the Association or Insurance Trustee, as the case may be, to cover such loss or damage, shall be first applied to the repair, replacement or reconstruction of the Common Elements other than Limited Common Elements, then to the repair, replacement or reconstruction of any Limited Common Elements and any remaining insurance proceeds shall be applied to the repair, replacement or reconstruction of the Units which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of the Common Elements and the Units sustaining any loss or damage, then such excess insurance proceeds shall be paid and distributed by the Insurance Trustee to the Owners of all Units, and to their Eligible Mortgagees, as their respective interests may appear. Such distributions are to be made in the manner and in the proportions as are provided for the distribution of insurance proceeds under Section 9.6

above. If there is no insurance coverage for such loss or damage or, if it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the Association or the Insurance Trustee, as the case may be, are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be sufficient, then the Board of Directors shall, based on reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement or reconstruction between the Common Elements and the Units sustaining any loss or damage. If the proceeds of said fire and casualty insurance, if any, are sufficient to pay for the repair, replacement or reconstruction of any loss of or damage to the Common Elements other than Limited Common Elements, but are not sufficient to repair, replace or reconstruct any loss of or damage to the Limited Common Elements or the Units sustaining damage, then the Association shall levy and collect an assessment from the respective Owners of the Limited Common Elements and the Units sustaining any loss or damage, and the assessment so collected from said Owner shall be deposited with the Insurance Trustee, if any, so that the sum on deposit with said Insurance Trustee shall be sufficient to completely pay for the repair, replacement or reconstruction of all Common Elements and the Units. In said latter event, the assessment to be levied and collected from the Owners of the Limited Common Elements shall be in proportion to this undivided interest in the Limited Common Elements and the assessment to be levied and collected from the Owner of each Unit sustaining loss or damage shall be apportioned between such Owners in such manner that the assessment levied against each Owner and his Unit shall bear the same proportion to the total assessment levied against all of Unit Owners sustaining loss or damage as the cost of repair, replacement or reconstruction of each Owner's Unit bears to the cost applicable to all of said Units sustaining loss or damage. If the fire and casualty insurance proceeds, if any, payable to the Association or the Insurance Trustee in the event of the loss of or damage to Common Elements and the Units are not an amount which will pay for the complete repair, replacement or reconstruction of the Common Elements other than Limited Common Elements, it being recognized that such insurance proceeds are to be first applied to the payment for repair, replacement or reconstruction of said Common Elements other than Limited Common Elements before being applied to the repair, replacement or reconstruction of any Limited Common Elements or Units sustaining loss or damage, then the cost to repair, replace, or reconstruct said Common Elements other than Limited Common Elements in excess of available fire and casualty insurance proceeds shall be levied and collected as an assessment from the Owners of all Units in the same manner as would be levied and collected had the loss or damage sustained been solely to the Common Elements and the fire and casualty insurance proceeds been not sufficient to cover the cost of repair, replacement or reconstruction. The cost of repair, replacement or reconstruction of the Limited Common Elements and the Units sustaining loss or damage shall then be levied and collected by assessment of the Owners of the Limited Common Elements and the Owners of the Units sustaining the loss or damage in the same manner as is above provided for the apportionment of such assessment between Owners of Limited Common Elements and Units sustaining loss or damage.

9.8 Estimates of Repair; Plans and Specifications; Payment of Assessments.

In the event of loss or damage to Condominium Property, the Association shall, within 60 days after any such occurrence, obtain reliable and detailed estimates of the cost of restoring damaged property to a condition as good as that which prevailed before such loss or damage. The estimate of repair shall be based upon the plans and specifications of the original building, portions of which are attached as Exhibit "D" to this Declaration as the same may from time to time be

amended, or such other plans and specifications as may be approved by the Board of Directors, by all of the Owners of the damaged Units, and by not less than seventy-five percent (75%) of the Owners of all Units including the Owners of damaged Units. The Association shall be appointed as attorney in fact for each Unit Owner for the purpose of representing the Unit Owners in any proceeding, negotiation, settlement, or agreement arising from any loss or damage to the Condominium Property. Such estimates are to contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors may deem to be in the best interest of the membership of said Association. Whenever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of repair, replacement or reconstruction thereof, the additional money required to completely pay for such repair, replacement or reconstruction of said loss or damage whether to be paid by all of the Owners of Units or only by the Owners of Units sustaining loss or damage, or both, as herein provided, shall be paid to the Association and deposited with the Insurance Trustee, if any, not later than 30 days from the date on which the Association or the Insurance Trustee, as the case may be, shall receive the monies payable from the policies of fire and casualty insurance.

ARTICLE 10 **CONDEMNATION**

10.1 **Condemnation Considered a Casualty Loss.** The taking of a portion of a Unit, the Common Elements or the Limited Common Elements by eminent domain shall be deemed to be a casualty loss, and except as otherwise provided in Section 10.2 below, the awards for such taking shall be deemed to be proceeds from insurance on account of the casualty and shall be applied and distributed by the Association in accordance with the provisions of Article 9. Even though the awards may be payable to the Owners, the Owners shall deposit the awards with the Association or Insurance Trustee, as the case may be and, in the event of failure to do so, in the discretion of the Board of Directors, a special assessment shall be made against a defaulting Owner in the amount of his award, or the amount of such award shall be set off against the sums hereinafter made payable to such Owner. If any Unit or portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Eligible Mortgagee of such Unit shall be entitled to timely written notice of any such proceeding or proposed acquisition as provided in Section 8.1, and no provision hereof shall entitle the Owner of such Unit or other party to priority over such Eligible Mortgagee with respect to the distribution of any award or settlement to the Owner of the Unit.

10.2 **Partial Condemnation.** In the event that the Condominium Property is not to be terminated and one or more Units are taken in part, the taking shall have the following effects:

(a) If the taking reduces the size of a Unit and the remaining portion of that Unit can be made tenantable, the award for the taking for a portion of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium Property:

(i) The Unit shall be made tenantable and if the cost of such work exceeds the amount of the award, the additional funds shall be assessed against the Owner of the Unit.

(ii) The balance of the award, if any, shall be distributed to the Owner of the Unit and the Eligible Mortgagee of the Unit, as their respective interests may appear.

(iii) If there is a balance of the award distributed to the Owner and the Eligible Mortgagee, the share of the Common Elements or Limited Common Elements, if any, appurtenant to the Unit shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the Unit immediately prior to the taking, and then recomputing the shares of all Owners in the Common Elements and the Owners of all Limited Common Elements as percentages of the total of their shares as reduced by the taking.

(b) If the taking destroys or so reduces the size of a Unit so that it may not be made tenable, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium Property:

(i) The market value of such Unit immediately prior to the taking, shall be paid to the Owner of the Unit and to each Eligible Mortgagee of the Unit, as their respective interests may appear.

(ii) The remaining portion of such Unit, if any, shall become a part of the Common Elements and shall be placed in condition for use by all of the Owners, in the manner approved by the Board of Directors; provided that if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner required for further improvement of the Common Elements under Section 6.3 above.

(iii) The shares in the Common Elements appurtenant to the Units which continue as a part of the Condominium Property shall be equitably adjusted to distribute the ownership to the Common Elements among the reduced number of Owners. This shall be done by recomputing the shares of such continuing Owners in the Common Elements as percentages of the total of the shares of such Owners as they exist prior to the adjustment.

(iv) If the amount of the award for taking is not sufficient to pay the market value of the condemned Unit to the Owner and to restore the remaining portion of the Unit in condition for use as a part of the Common Elements, the additional funds required for such purposes shall be raised by assessments against all of the Owners who will continue as Owners of the Units after the changes in the Condominium Property affected by the taking. Such assessment shall be made in proportion to the share of such Owners in the Common Elements after the changes affected by the taking.

(c) If the market value of a Unit prior to the taking cannot be determined by agreement between the Owner and the Eligible Mortgagee and the Association within 30 days after notice by any such party that an agreement cannot be reached, such value shall be determined by three independent qualified appraisers with one appraiser to be selected by the Association, one appraiser to be selected by the Owner and Eligible Mortgagee, and the third appraiser to be selected by the two appraisers so appointed, and the fair market value of the Unit shall be deemed to be the average of the two appraisals of the fair market value of the Unit made by said appraisers having the least difference in amount. The cost of such appraisal shall be

assessed against all Owners in the shares of the Owners in the Common Elements as they existed prior to the changes affected by the taking.

(d) Changes in the Units, in the Common Elements or Limited Common Elements, in the ownership of the Common Elements or Limited Common Elements and in the shares of liability for Common Expenses or Limited Common Expenses which are affected by eminent domain, shall be evidenced by an amendment of this Declaration which need be approved only by a majority of the Board of Directors.

10.3 **Association Appointed As Attorney In Fact for Unit Owners.** The Association shall be appointed as attorney in fact for each Unit Owner for the purpose of representing such Unit Owners in any proceeding, negotiation, settlement or agreement arising from the condemnation or taking by eminent domain of the Condominium Property or any portion thereof.

ARTICLE 11 **TERMINATION**

11.1 Destruction of the Condominium Property.

(a) Notwithstanding anything to the contrary contained in this Declaration, if the Board of Directors shall determine that either of the following conditions exist:

(i) two-thirds or more of the Units in the Condominium Property shall have been destroyed or substantially damaged by fire, wind, water, or storm or other casualty or combination of casualties (including condemnation); or

(ii) the Condominium Property has been in existence in excess of 40 years and substantially all of the Units in the structure have substantially deteriorated and have been rendered substantially obsolete;

then the Board of Directors may call a meeting of the members of the Association to consider and vote upon whether to restore, repair and rebuild the Condominium Property and, if not, whether to terminate this Declaration and remove the Condominium Property from the provisions of the Act. If the termination of this Declaration and the removal of the Condominium Property from the provisions of the Act is approved by the affirmative vote of at least 67% of the Owners of all Units (based upon one vote for each Unit) and by at least 67% of all Eligible Mortgagees (based upon one vote for each Mortgage owned) after notice given as provided in Section 8.1 hereof, this Declaration and plan of condominium ownership established herein shall be subject to termination as provided in the Act and the Association shall be authorized to file on behalf of, and in the name of, the Unit Owners, and shall file, a petition for such termination and removal with the Circuit Court of Marshall County, Alabama. If less than 67% of the Owners of all Units and less than 67% of the Eligible Mortgagees vote in favor of terminating the Condominium Property as herein required, the Condominium Property shall be restored, repaired and rebuilt in accordance with the provisions of Sections 9.6, 9.7 and 9.8 above.

(b) In the event that the Circuit Court of Marshall County, Alabama, shall grant the petition for termination of this Declaration and the Plans, all of the Owners shall be and become tenants in common as to ownership of the Real Property and any then remaining improvements thereon. The undivided interest in the Real Property and remaining improvements, except for Limited Common Elements, held by the Owner of each Unit shall be the same as the undivided interest in the Common Elements which were formerly appurtenant to such Unit, and the lien of any Mortgage or other encumbrance upon each Unit shall attach to the percentage of undivided interest of the Owner of a Unit in the Real Property and then remaining improvements as above provided. The Owners to which the Limited Common Elements have been allocated in this Declaration shall own each such Limited Common Elements appurtenant to each Owner's Unit and the lien of any Mortgage or other encumbrance upon such Units shall attach to the undivided interest in the Limited Common Elements. Upon termination of this Declaration and the plan of condominium ownership established herein, the Owners of all Units still inhabitable shall within 60 days from the date of grant of the petition, deliver possession of their respective Units to the Association. Upon such delivery of possession, the Owners of inhabitable Units and their respective Eligible Mortgagees, as their interests may appear, shall become entitled to participate proportionately together with all Owners of uninhabitable Units in the distribution of proceeds in the possession of the Association or the Insurance Trustee. Upon such termination of this Declaration and the plan of condominium ownership established herein, the Association or the Insurance Trustee, as the case may be, shall distribute any insurance indemnity which may be due under any policy of casualty insurance to the Owners of the Units and their Eligible Mortgagees as their respective interests may appear, such distribution to be made to the Owner of each Unit in accordance with his then undivided interest in the Real Property and remaining improvements as herein provided. The Real Property and any remaining improvements thereon shall be subject to all easements of record, except the easements created in the Condominium Documents. The assets of the Association upon termination of the plan of condominium ownership created by this Declaration shall then be distributed to the Owner of each Unit and his Eligible Mortgagee, as their respective interests may appear, in the same manner as is above provided for the distribution of any final insurance indemnity.

11.2 Termination by Unanimous Consent. Except in the event of this Declaration and Plans being terminated as provided above, this Declaration and the Plans may only be otherwise terminated by the unanimous consent of all Owners of all Units and all parties holding Mortgages, liens or other encumbrances, against any of said Units, in which event the termination of the Condominium Property shall be by such plans as may be then unanimously adopted by said Owners and parties holding any Mortgages, liens, or other encumbrances. Such election to terminate this Declaration and the Plans shall be executed in writing by all of the aforesaid parties in recordable form, and such instrument shall be recorded in the Probate Office.

11.3 The Association as Attorney In Fact for Unit Owners. The Association shall be appointed as attorney in fact for each Unit Owner for the purpose of representing such Unit Owners in any proceeding, negotiation, settlement or agreement arising from the termination of this Declaration and the Plans.

ARTICLE 12
AMENDMENT

12.1 **Amendments in Accordance with the Act.** This Declaration may be amended by (i) Declarant under Section 35-8A-209(f) or 35-8A-210 of the Act, (ii) the Association under Sections 35-8A-107, 35-8A-206(d), 35-8A-208(c), 35-8A-212(a), or 35-8A-213 of the Act, or (iii) by certain Unit Owners under Sections 35-8A-208(b), 35-8A-212(a), 35-8A-213(b), or 35-8A-218(b) of the Act.

12.2 **Amendment of Material Provisions.** Except for the Amendments pursuant to certain provisions of the Act mentioned in Section 12.1 above, no amendment of any material provision of this Declaration as set forth below shall be effective without the vote or agreement of Owners of Units to which at least 67% of the votes in the Association are allocated (subject to the Development Rights and Special Declarant Rights reserved to the Declarant by this Declaration and by the Act and the provisions contained in Section 12.5 of this Declaration) and the approval by vote or agreement of at least 51% of the Eligible Mortgagees; provided that no amendment of this Declaration requiring higher the affirmative vote or written consent or of higher than the members of the Association of the total eligible vote shall be effective without such higher affirmative vote or written consent. "Material" provisions include any provision affecting the following:

- (i) Voting rights;
- (ii) Increases in assessments if such assessment will increase the then existing amount of assessments by more than 25%, assessment liens or subordination of assessment liens;
- (iii) Reduction in reserves for maintenance, repair and replacement of the Common Elements;
- (iv) Insurance or fidelity bonds;
- (v) Rights to use the Common Elements;
- (vi) Responsibility for maintenance and repairs;
- (vii) Boundaries of a Unit subject to a first Mortgage held by an Eligible Mortgagee;
- (viii) Leasing of Units;
- (ix) Imposition of any restrictions on the right of an Owner to sell, lease or transfer the Unit of said Owner;
- (x) Establishment of self management by the Association if professional management had been required by an Eligible Mortgagee;
- (xi) Conversion of Units into Common Elements or conversion of Common Elements into Units;
- (xii) Restoration or repair of the Condominium after hazard damage or partial condemnation in a manner other than that specified in this Declaration; and

(xiii) Any provisions included in this Declaration, which are for the express benefit of Eligible Mortgagees.

12.3 **Eligible Mortgagees.** Any Eligible Mortgagee who receives a written request from the Board of Directors 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 Eligible Mortgagee within 30 days of the date of the request of the Association; provided that such request is delivered to the Eligible Mortgagee by certified or registered mail, return receipt requested.

12.4 **Amendment to Include Additional Phases(s) Exercise Development Rights to the Declaration.** Notwithstanding any provision herein to the contrary, Declarant, its successor and/or assigns, expressly reserves the right until the 15th anniversary of the recordation of this Declaration to exercise any Development Right or Special Declarant Right and submit it to this Declaration or submit all or any portion of the Additional Property to this Declaration and the condominium form of ownership, by filing an incremental amendment to this Declaration in the Probate Office, submitting said Additional Property or parcel or parcels or any portion thereof to the terms and conditions of this Declaration, all in accordance with the provisions of the Act. Declarant shall not be required to obtain the consent of any Owner or Mortgagee to exercise such Development Rights or Special Declarant Rights.

12.5 **Amendments by Declarant or Association.** Declarant or the Association, without the vote of the Owners, may amend this Declaration to correct any scrivener's errors, comply with applicable state, city or federal law or to bring the Condominium and Condominium Documents into compliance with the applicable rules and regulations of the Federal National Mortgage Association (Fannie Mae).

12.6 **Consent by Declarant.** Until the later to occur of (i) the date upon which Declarant no longer owns any Units, (ii) the date upon which Declarant no longer has the right to appoint officers and directors of the Association pursuant to the Bylaws, or (iii) fifteen years after the date upon which this Declaration is recorded in the Probate Office, no Amendment to this Declaration or any of the other any of the Condominium Documents shall be adapted that would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted to the Declarant under this Declaration or the other Condominium Documents, including the Development Rights and Special Declarant Rights reserved to the Declarant by this Declaration and by the Act, without the written consent of the Declarant.

12.7 **Recording.** Any Amendment to the Condominium Documents shall become effective when recorded in the Probate Office in accordance with the Act and this Declaration.

12.8 **Consent to Amendment.** Each Person who shall acquire any Unit in Snug Harbor Retreat or interest in or lien or Mortgage upon any such Unit shall be deemed, by accepting a deed or conveyance of or otherwise acquiring such Unit, interest, lien or Mortgage, to have agreed and consented, within the meaning of this Declaration and of the Act to be bound by the terms and provisions of this Declaration and to have further agreed and consented that any amendment to this Declaration executed by the Declarant alone pursuant to this Declaration shall be binding and effective as written notwithstanding the fact that the number of Units or

undivided interest of the Unit or Owner is the Common Elements will be changed by said amendment.

ARTICLE 13 **CONTROL OF THE ASSOCIATION**

13.1 **Election of Board of Directors.** Declarant, its successors or assigns, may appoint and remove the members of the Board of Directors and, in the event of vacancies, the Declarant shall fill the vacancies, until either (a) 60 days after 75% of the total number of Units have been conveyed to Owners other than Declarant, (b) ten years have elapsed from the conveyance of the first Unit to an Owner other than Declarant, (c) two years after the date that Declarant has ceased to offer the Units for sale in the ordinary course, or (d) the Declarant elects, at its option, to terminate control of the Association, whichever shall first occur. Notwithstanding and in limitation of the foregoing, within 90 days after the conveyance of 25% of the Units to an Owner other than Declarant, the Owners other than Declarant shall be entitled to elect 25% of the Board of Directors; and not later than 90 days after conveyance of 50% of the Units to Owners other than Declarant not less than one-third of the Board of Directors shall be elected by the Owners other than Declarant. Further, the Declarant shall be entitled to elect at least one member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least one Unit within the Condominium.

13.2 **Notice of Meeting.** Within 60 days after the date of termination of control of the Association by the Declarant, the Association shall call and give not less than ten days nor more than 30 days' notice of a meeting of the Unit Owners for the purpose of electing the members of the Board of Directors. Such meeting shall be called and the notice given in accordance with the Bylaws.

13.3 **Status of Unsold Units.**

(a) Declarant shall be deemed to be the Owner of each Unit which has not been conveyed to a person other than the Declarant. Unless otherwise provided in the Condominium Documents, the Declarant shall be entitled to all rights and privileges available to, and shall be subject to any and all obligations and duties imposed upon, the Owner of any such Unit under the Condominium Documents.

(b) Any person having a first mortgage lien against any Unit which has not been conveyed to a person other than Declarant, whether under a blanket mortgage affecting the Condominium Property generally or under a mortgage on one or more specific Units, shall be deemed to be a Eligible Mortgagee with respect to any such Unit, and shall be entitled to all rights and privileges available to a Eligible Mortgagee of any such Unit under the Condominium Documents.

(c) Notwithstanding the provisions of Sections 5.5 and 13.3(a) above, no General Assessments shall be imposed by the Association against the Declarant as the Owner of unsold Units until such time as 60 days after the conveyance of the first Unit. During such sixty-day period, Declarant shall be responsible for the Common Expenses and Limited Common Expenses of the Condominium Property, except that the Declarant shall be entitled to use and

apply to the payment of such Common Expenses and Limited Common Expenses any and all General Assessments made against the Unit Owners other than Declarant and collected by the Association for Common Expenses and Limited Common Expenses, including the two months' assessment paid by each Owner at the time of his purchase as an operating reserve. The Declarant shall be solely responsible for the maintenance, repair and operation of the unsold Units.

13.4 **Professional Management and Other Contracts on Behalf of the Association.** Any agreement incurred by the Association prior to the passage of control of the Association from the Declarant pursuant to Section 13.1 above (including contracts for professional management of the Condominium Property, whether it be the Declarant, its successors and assigns, or any other person or entity) shall provide the following:

(a) The Association shall have the right of termination which is exercisable without penalty any time upon not more than 90 days' written notice to the other party thereto; and

(b) The Association shall have a right of termination for cause which is exercisable without penalty at any time upon not more than 30 days' written notice to the other party thereto.

ARTICLE 14 **ARCHITECTURAL COMMITTEE**

14.1 **Membership of Committee.** The Architectural Committee shall consist of three voting members, ("**Voting Members**") and such additional nonvoting members serving in an advisory capacity ("**Advisory Members**") as the Board deems appropriate. The following persons are hereby designated as the initial Voting Members of the Architectural Committee: Michael Dean, Michael Forehand, and Darren Martin.

14.2 **Action by Committee.** Items presented to the Architectural Committee shall be decided by a majority vote of the Voting Members.

14.3 **Advisory Members.** The Voting Members may from time to time designate Advisory Members.

14.4 **Term.** Each member of the Architectural Committee shall hold office until such time as he/she has resigned or has been removed or his successor has been appointed, as provided herein.

14.5 **Declarant's Rights of Appointment.**

(a) For so long as Declarant owns any Unit, or until such earlier date as Declarant may elect, in Declarant's sole discretion, Declarant shall have the sole and exclusive right to appoint and remove all of the members of the Architectural Committee.

(b) At such time as Declarant no longer owns any Unit or, upon Declarant's written notice to the Board that it no longer desires to exercise the right to appoint and remove members of the Architectural Committee as provided in subsection (a) above, then the members of the Architectural Committee shall be appointed by the Board.

14.6 **Adoption of Rules.** The Architectural Committee may adopt such procedural and substantive rules, not at conflict with this Declaration, as it may deem necessary or proper for the performance of its duties.

14.7 **Review of Proposed Construction.** Whenever in this Declaration the approval of the Architectural Committee is required, it shall have the right to consider all of the Plans and Specifications for the improvement or proposal in question and all other facts which, in its sole discretion, are relevant. Before the commencement of any construction of any interior improvement to a Residential Unit or any exterior improvements to a Chalet Unit, the Plans and Specifications therefor shall be submitted to the Architectural Committee, and construction thereof may not commence unless and until the Architectural Committee has approved such Plans and Specifications in writing. The Architectural Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration, and perform such other duties assigned to it by this Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Architectural Committee. The Architectural Committee shall review Plans and Specifications submitted for its review and such other information as it deems proper. Until receipt by the Architectural Committee of any information or document deemed necessary by the Architectural Committee, it may postpone review of any Plans and Specifications submitted for approval.

14.8 **Actions of the Committee.** The Architectural Committee may, by resolution, unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on behalf of the Architectural Committee. In the absence of such designations, the vote of a majority of all of the members of the Architectural Committee, taken without a meeting, shall constitute an act of the Architectural Committee.

14.9 **No Waiver of Future Approvals.** The approval or consent of the Architectural Committee to any Plans and Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Architectural Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications, or other matter whatever, subsequently or additionally submitted for approval or consent by the same or a different person.

14.10 **Work in Progress.** The Architectural Committee, at its option, may inspect all work in progress to insure compliance with approved Plans and Specifications.

14.11 **Non-liability of Committee Members.** Neither the Architectural Committee, nor any member thereof, nor the Board nor any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage or injury arising out of their being in any way connected with the performance of the Architectural Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Architectural Committee or its member or the Board or its member, as the case may be. Neither the Architectural Committee nor the members thereof shall be liable to any Owner due to the construction of any Improvement within the Property or the creation thereby of an obstruction to the view from such Owner's Unit

ARTICLE 15
SPECIAL DECLARANT RIGHTS AND DEVELOPMENT RIGHTS

15.1 **Special Declarant Rights and Development Rights.** The Declarant expressly reserves the right with respect to all of the Condominium Property until the fifteenth anniversary of the date of the recording of this Declaration in the Probate Office to exercise the Development Rights and Special Development Rights as provided for in this Declaration and the Act, which Development Rights and Special Declarant Rights shall include, but not be limited to, the following:

(a) the right of Declarant to create additional Units, Common Elements or Limited Common Elements within the Condominium Property, including the right of Declarant to create additional Residential Units or Chalet Units by converting Common Elements or Limited Common Elements;

(b) the right and option (hereinafter referred to as the "Option"), but not the obligation, except as expressly provided herein, to expand the Condominium by submitting all or any portion of the Additional Property, a description of which is attached hereto as Exhibits "I", to the provisions of the Act and this Declaration in the manner as provided in the Act which NEED NOT BE BUILT upon. Prior to being added to the Condominium, if so added, no portion of the Additional Property shall be subject to this Declaration. If any portion of the Additional Property is added to the Condominium, only such portion added shall be subject to this Declaration and Declarant may create Units, Common Elements and Limited Common Elements within the Condominium thereon.

(c) the right of Declarant to increase or decrease the size of any Unit or any wall located on the Real Property;

(d) the right of Declarant to subdivide Units or convert Units into Common Elements or Limited Common Elements, or both;

(e) the right of Declarant, in the course and process of developing the Condominium, to construct a storage area within the Building, if any;

(f) the right of Declarant to complete the Improvements indicated on the Plans;

(g) the right of Declarant to maintain sales offices, management offices, signs advertising the Condominium and models;

(h) the right of Declarant to use easements through the Common Elements for the purpose of exercising the Development Rights and Special Declarant Rights and making Improvements within the Condominium;

(i) the right to appoint or remove any officer of the Association or any member of the Board of Directors of the Association during the period of control by the Declarant pursuant to Section 13.1;

(j) the right to change the interior design and arrangement of any of the Units, to alter the boundaries between Units and Common Elements;

(k) the right to increase or decrease the number of the Units so long as the Declarant, or its affiliates or equity interest holders, own the Units so altered;

(l) the right to lease any Unit which Declarant may own in the Condominium Property on such terms as Declarant may deem proper and desirable and the right to transfer any Unit subject to such lease, including leasing any such Unit to the Association for use as a management, sales, or leasing office;

(m) the right to add or expand any recreational facilities or any other portion of the Common Elements; and

(n) the right to modify in any manner the plans and specifications for Chalet Units as set forth on Exhibit "G" either by approval of the Architectural Control Committee without filing an amendment hereto or by amendment of this Declaration.

15.2 **Supplemental Declaration.** The Declarant shall have the right to exercise any Development Rights and Special Declarant Rights provided for in this Declaration and described in the Act by the execution, by the Declarant alone, of a Supplemental Declaration to this Declaration, which shall comply with the provisions of this Declaration and the Act and shall be recorded in the records of the Probate Office. Such Supplemental Declaration shall have attached exhibits similar to those attached to this Declaration, describing the land and property so submitted to Snug Harbor Retreat and this Declaration and containing such other information concerning said land and property and the Improvements constructed, or to be constructed, on said land and property as is required by the Act and by this Declaration. The Declarant may exercise the Development Rights and Special Declarant Rights described in this Declaration at different times by amendment or amendments to this Declaration and the filing of a Supplemental Declaration or Supplemental Declarations. If the Declarant elects to exercise the Development Rights or Special Declarant Rights provided for in this Declaration, the Declarant may also amend the Rules and Regulations affecting the use of the Condominium Property.

15.3 **Time Limitation.** The right of the Declarant to amend the Condominium Documents in order to exercise any Development Rights or Special Declarant Rights provided for in this Declaration and described in the Act by Supplemental Declaration as provided in this Declaration shall cease and terminate on the fifteenth anniversary from the date of the recording of this Declaration in the Probate Office, and only those Improvements which shall have been submitted to this Declaration prior to said date shall be deemed to have been validly submitted to this Declaration. Except as provided in this Declaration, no other time limitation shall be imposed on the right of the Declarant to exercise the Development Rights or Special Declarant Rights provided for in this Declaration and in the Act.

15.4 **Effect.** Once the Declarant amends this Declaration by a Supplemental Declaration in order to exercise any Development Rights or Special Declarant Rights provided for in this Declaration or in the Act, the additional Units, Common Elements or Limited Common Elements shall be governed by and subject to all of the provisions of the Condominium

Documents to the extent that the Condominium Documents are not inconsistent with the provisions of such Supplemental Declaration.

15.5 **Proviso.** Anything contained in this Declaration to the contrary notwithstanding, the Declarant does not commit to exercise any of the Development Rights or Special Declarant Rights provided for in this Declaration in whole or in part, nor to further develop Snug Harbor Retreat as described in this Declaration. The Declarant reserves the absolute right, in the sole discretion of the Declarant, to decide whether or not to exercise any Development Rights or Special Declarant Rights reserved to the Declarant in this Declaration. If any Development Right is exercised by the Declarant as provided for in this Declaration and in the Act in any portion of the Condominium Property, the exercise of said Development Right shall not obligate the Declarant to exercise other Development Rights in all or any other portion of the remainder of the Condominium Property or Additional Property.

15.6 **No Interference with Development Rights or Special Declarant Rights.** Neither the Association nor any Owner may take any action or adopt any Rules and Regulations that interferes with or diminishes any Development Rights or Special Declarant Rights reserved to the Declarant in this Declaration or in the Act without the prior written consent of the Declarant. Any action taken in violation of this paragraph shall be null and void and have no force or effect.

15.7 **No Assurances.**

(a) No assurances are made that any Improvement that may be erected pursuant to any Development Rights or Special Declarant Rights in any part of Snug Harbor Retreat will be compatible or will not be compatible with any existing Improvements in Snug Harbor Retreat in terms of architectural style, quality of construction and size.

(b) No assurances are made concerning other Improvements that may be made and Common Elements or Limited Common Elements that may be created within any part of Snug Harbor Retreat pursuant to any Development Rights or Special Declarant Rights reserved by the Declarant.

(c) No assurances are made that any Units, Common Elements or Limited Common Elements created pursuant to any Development Rights or Special Declarant Rights reserved by the Declarant will be of the same general types and sizes as the Units, Common Elements or Limited Common Elements with other parts of Snug Harbor Retreat.

(d) No assurances are made that all restrictions in this Declaration affecting the use, occupancy and sale or lease of the Units will apply to any Units created pursuant to any Development Rights or Special Declarant Rights reserved by the Declarant.

(e) No assurances are made concerning whether or not any Unit, Common Element or Limited Common Element will be or will not be submitted to Snug Harbor Retreat nor is any assurance made concerning the boundaries of the Units, Common Elements or Limited Common elements, the number of the Units, Common Elements or Limited Common Elements, or the order in which any Unit, Common Element or Limited Common Element may not be included in Snug Harbor Retreat by the exercise of the Development Rights or Special Declarant Rights

reserved to the Declarant by the Act and this Declaration. The exercise by the Declarant of any Development Rights or Special Declarant Rights on any portion of the Real Property does not obligate the Declarant to exercise said right in all or any other portion of the remainder of the Real Property.

(f) No assurances are made that any storage area or areas will be constructed or added to the Condominium Property.

No assurances are made that the proportion of the Limited Common Elements to Units created pursuant to any Development Right or Special Declarant Right reserved to the Declarant will be approximately equal to the proportion existing within other parts of Snug Harbor Retreat.

15.8 Right of Declarant to Add Recreational Facilities and Common Elements. If the Declarant elects to add or expand any recreational facilities or any other portion of the Common Elements, the Declarant shall pay all the expenses relating to the construction or the providing of such addition or expansion and shall record any amendment to this Declaration describing such property. The amendment shall be executed with the formalities of a deed and recorded in the Probate Office. No approval or action of the Association, Unit Owners or mortgagees shall be necessary for adding such additional Common Elements to condominium ownership. All costs of maintenance, repair and replacement relating to the addition or expansion of the recreational facilities or any other portion of the Common Elements shall be a Common Expense.

15.9 Improvements on Additional Property. The maximum number of Units that may (but need not) be created on the Additional Property which may (but need not) be added to the Condominium is ninety-two (92) Residential Units, which NEED NOT BE BUILT, so that the maximum number of Units which Declarant reserves the right to create in the Condominium is one hundred ten (110) Units. The maximum number of Units that may be created per acre on any portion of the Additional Property is 20 Units. All units constructed on the Additional Property added to the Condominium shall be restricted exclusively to single-family residential use in accordance with the terms of this Declaration, subject to Declarant's right reserved to use any Unit owned by it in connection with the development, sales, and promotional activities relating to the Condominium. There are no limitations as to the particular location of any Improvements that may be made on any portion of the Additional Property added to the Condominium. Declarant shall construct on any portion of the Additional Property added to the Condominium, such roads and drives, if any, as Declarant shall deem necessary to provide access to the Units within the Additional Property. Declarant shall have the right, but not the obligation, to construct such improvements on the Additional Property, or any portion thereof added to the Condominium as Declarant shall deem advisable for the common use and enjoyment of the Unit Owners. No limitations are placed on the right of Declarant reserved hereby to create Limited Common Elements within any portion of the Additional Property or to designate Common Elements therein. All improvements which may be (but are not required to be) built and constructed on the Additional Property will be substantially completed prior to being added to the Condominium.

15.10 Reallocations and Amendment. Upon the addition of any portion of the Additional Property to the Condominium, the share of undivided interest in the Common

Elements and the share of liability for Common Expenses and Limited Common Expenses allocable to all Units then included in the Condominium shall be reallocated so that the undivided interest and share of liability of each Unit shall be the same as each other Unit, subject to the right of Declarant to make adjustments, so that the total of all interests equals precisely 100%. Each Unit located upon any portion of the Additional Property added to the Condominium shall be allocated one vote in the Association, which shall be of equal voting power with the vote allocated to each other Unit in the Condominium. Declarant may exercise these rights without the consent of any Owner or Mortgagee. The allocated interest of each Unit will be a maximum of 5.82% and may not be reduced below 0.09% by the exercise of any Development Right or Special Declarant Right as provided for in this Declaration and in the Act.

ARTICLE 16 **ARBITRATION**

16.1 **Negotiation.** The Owners and Declarant shall attempt in good faith to resolve any dispute arising out of or relating to this Declaration promptly by negotiations among the parties who have authority to settle the controversy. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within ten days after delivery of said notice, all of the parties shall meet at a mutually acceptable time and place (by mutual agreement, such meeting may be held by telephone), and thereafter as often as they deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within 20 days of the disputing party's notice, or if the parties fail to meet within 20 days, any party may initiate the mediation of the controversy or claim as provided in Section 16.2 below.

16.2 **Mediation.** If any dispute has not been resolved by negotiation as provided in Section 16.1 above, the parties shall endeavor to resolve the dispute by mediation. Unless the parties agree otherwise, the mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association by a mediator who has the qualifications set forth hereinbelow. The place of mediation shall be in Huntsville, Alabama. The neutral third party will be selected by the mutual consent of the parties to this Declaration. If the parties encounter difficulty in agreeing on a neutral third party, they will seek the assistance of the American Arbitration Association ("AAA") in the selection process.

16.3 **Arbitration.** Any dispute that has not been resolved by mediation, as provided in Section 16.2 above, within 60 days of the initiation of such procedure, shall be finally settled by arbitration conducted expeditiously in accordance with the Commercial Arbitration Rules of the American Arbitration Association by a sole arbitrator; provided that persons eligible to be selected as arbitrators shall be limited to attorneys at law who are on the AAA's Large Complex Cases Panel; or who have professional credentials similar to the attorneys listed on such AAA panel. If the parties encounter difficulty in agreeing on an arbitrator, they agree that the AAA shall select the arbitrator. Notwithstanding the foregoing, if one party has requested any other party to participate in a non-binding dispute resolution procedure under Sections 16.1 or 16.2 above and the other party has failed to participate therein, the other party may initiate arbitration before expiration of the above periods. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16. The award shall be based upon applicable law and judicial precedent and judgment upon the award rendered by

the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be in the same location provided for a mediation as set forth in Section 16.2 above. The arbitrator is not empowered to award damages in excess of compensatory damages and each party hereby irrevocably waives any damages in excess of compensatory damages.

16.4 **Costs and Fees.** The parties shall bear their respective costs in connection with the dispute resolution procedures (non-litigation) described in Sections 16.1, 16.2 or 16.3 hereof, except that the parties shall share equally the fees and expenses of any neutral third party or arbitrator and the costs of any facility used in connection with such dispute resolution procedures.

ARTICLE 17 **DISCLAIMER OF WARRANTIES**

DECLARANT HEREBY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES AS TO DESIGN, CONSTRUCTION, FURNISHING AND EQUIPPING OF THE CONDOMINIUM PROPERTY EXCEPT FOR THE WARRANTIES SET FORTH IN THE LIMITED WARRANTY TO BE DELIVERED TO EACH INITIAL PURCHASER OF A RESIDENTIAL UNIT AND FOR ANY WARRANTIES CREATED PURSUANT TO SECTION 35-8A-413(A) OF THE ACT. AS TO ANY SUCH WARRANTIES WHICH CANNOT BE DISCLAIMED, AND TO OTHER CLAIMS, IF ANY, WHICH CAN BE MADE AS TO THE AFORESAID MATTERS, ALL INCIDENTAL AND CONSEQUENTIAL DAMAGES ARISING THEREFROM ARE HEREBY DISCLAIMED AND WAIVED BY ANY PURCHASER OF A UNIT.

ALL UNIT OWNERS, BY VIRTUE OF THEIR ACCEPTANCE OF TITLE TO THEIR RESPECTIVE UNITS (WHETHER FROM THE DECLARANT OR ANOTHER PARTY), SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ALL OF THE AFORESAID DISCLAIMED WARRANTIES AND INCIDENTAL AND CONSEQUENTIAL DAMAGES.

ARTICLE 18 **MISCELLANEOUS**

18.1 **Rights and Powers of Successors and Assignees.** The rights and powers reserved to or exercisable by the Declarant under the Condominium Documents or the Act may be exercised by any successor or assignee of the Declarant (i) who acquires title from the Declarant by foreclosure or other judicial sale or deed in lieu of foreclosure or (ii) to whom the Declarant specifically assigns such rights and powers.

18.2 **Captions and Headings.** The captions and headings used in this Declaration are made for convenience and general reference only and should not be construed to describe, define, limit or expand the scope and intent of any term or provision of this Declaration.

18.3 **Gender/Number and “Including”.** Whenever the context so permits, the use of the plural shall include the singular, the singular shall include the plural, and any gender shall be deemed to include all genders. The word “including”, when following any general statement,

term or matter shall not be construed to limit such statement, term or matter to the specific terms or matters as provided immediately following the word “including” or to similar items or matters, whether or not nonlimiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference to the word “including” or the similar items or matters, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of the general statement, term or matter.

18.4 **Exhibits.** Exhibits A, B, C, D, E, F, G, H, and I attached to this Declaration are an integral part of this Declaration.

18.5 **Invalidity and Severability.** It is the intention of the Declarant that the provisions of this Declaration are severable so that if any provision is invalid or void under any applicable federal, state or local law or ordinance, decree, order, judgment or otherwise, the remainder shall be unaffected thereby.

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

- THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK -

IN WITNESS WHEREOF, the Declarant by its duly authorized officers has hereunto set their signatures and seals on the day and year first above written.

SNUG HARBOR RETREAT, LLC

By: _____

Name:

Title: Manager

STATE OF ALABAMA)

MARSHALL COUNTY)

I, _____, a Notary Public in and for said County in said State, hereby certify that _____, whose name as Manager of **SNUG HARBOR RETREAT, LLC**, an Alabama limited liability company, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing Declaration of Condominium, he, as such Manager and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal of office this ____ day of _____, 2007.

Notary Public

My Commission Expires: _____

CONSENT OF MORTGAGEE

THIS DECLARATION OF CONDOMINIUM OF SNUG HARBOR RETREAT, A CONDOMINIUM IS CONSENTED TO AND ACKNOWLEDGED BY _____ BANK, A STATE BANKING CORPORATION, AS MORTGAGEE.

_____ **BANK**

By: _____

Name: _____

Title: _____

STATE OF ALABAMA)

MARSHALL COUNTY)

I, _____, a Notary Public in and for said County in said State, hereby certify that _____, whose name as _____ of _____ Bank, an Alabama banking corporation, is signed to the foregoing Declaration of Condominium, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing Declaration of Condominium, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and official seal of office this ____ day of _____, 2007.

Notary Public
My Commission Expires: _____

LIST OF EXHIBITS

EXHIBIT "A"	Legal Description of the Condominium Property
EXHIBIT "B"	Bylaws for Snug Harbor Retreat Condominium Association, Inc.
EXHIBIT "C"	Percentage Ownership of Common Elements and Allocation of Common Expenses and Votes
EXHIBIT "D"	Plans of Snug Harbor Retreat Condominium
EXHIBIT "E"	Encumbrances to Title
EXHIBIT "F"	Rules and Regulations
EXHIBIT "G"	Plans and Specifications for Chalet Units
EXHIBIT "H"	Initial Association Budget
EXHIBIT "I"	Legal Description of Additional Property

LEGAL DESCRIPTION OF THE PROPERTY

A tract of land being a portion of TVA XGR Tract 220, being located in Section 3, Township 7 South, Range 3 East in Marshall County, Alabama being more particularly described as follows:

Commencing at a 1 seconds open-end pipe found in Mitchell Hollow Road at a point purported to be TVA Monument #180 and the Southeast corner of said Section 3; thence South 88 degrees 40 minutes 00 seconds West 392.34 feet to a capped rebar found on the North margin of Mitchell Hollow Road; Thence along the North margin of said road South 88 degrees 07 minutes 56 seconds West 131.68 feet to an iron pin on the 600 foot contour elevation of the Guntersville Reservoir, said point being the TRUE POINT OF BEGINNING; thence run South 88 degrees 07 minutes 57 seconds West for a distance of 1134.81 to an iron pin; thence run North 00 degrees 51 minutes 39 seconds West for a distance of 363.80 to an iron pin on the South right of way margin of Snug Harbor Road; thence run along said right of way margin as follows: thence run along a curve to the left having a radius of 230.88 feet and an arc length of 162.22 feet a chord bearing and distance of North 88 degrees 34 minutes 23 seconds East 158.90 feet to an iron pin; thence run North 68 degrees 24 minutes 20 seconds East for a distance of 10.67 to an iron pin; thence run along a curve to the right having a radius of 170.00 feet and an arc length of 42.13 feet a chord bearing and distance of North 75 degrees 30 minutes 18 seconds East 42.02 feet to an iron pin; thence run North 82 degrees 36 minutes 15 seconds East for a distance of 43.22 to an iron pin; thence run along a curve to the right having a radius of 70.00 feet and an arc length of 39.77 feet a chord bearing and distance of South 81 degrees 07 minutes 12 seconds East 39.24 feet to an iron pin; thence run South 64 degrees 50 minutes 40 seconds East for a distance of 11.53 to an iron pin; thence run along a curve to the left having a radius of 105.00 feet and an arc length of 50.87 feet a chord bearing and distance of South 78 degrees 43 minutes 21 seconds East 50.37 feet to an iron pin; thence run North 87 degrees 23 minutes 59 seconds East for a distance of 12.87 to an iron pin; thence run along a curve to the right having a radius of 45.00 feet and an arc length of 25.13 feet a chord bearing and distance of South 76 degrees 36 minutes 08 seconds East 24.80 feet to an iron pin; thence run South 60 degrees 36 minutes 15 seconds East for a distance of 3.93 to an iron pin; thence run along a curve to the left having a radius of 105.00 feet and an arc length of 91.37 feet a chord bearing and distance of South 85 degrees 32 minutes 05 seconds East 88.52 feet to an iron pin; thence run North 69 degrees 32 minutes 06 seconds East for a distance of 1.95 to an iron pin on the 600 foot contour elevation of the Guntersville Reservoir; thence leaving said right of way margin and run along said 600 foot contour elevation as it meanders in an Easterly direction approximately 147.09 feet to an iron pin; thence run South 12 degrees 09 minutes 30 seconds East for a distance of 105.45 to an iron pin; thence run South 65 degrees 20 minutes 22 seconds East for a distance of 193.74 to an iron pin; thence run South 53 degrees 16 minutes 07 seconds East for a distance of 87.87 to an iron pin; thence run South 13 degrees 39 minutes 44 seconds East for a distance of 8.24 to an iron pin; thence run North 76 degrees 20 minutes 16 seconds East for a distance of 103.09 to an iron pin; thence run along a curve to the left having a radius of 85.00 feet and an arc length of 96.46 feet a chord bearing and distance of North 43 degrees 49 minutes 33 seconds East 91.37 feet; thence run North 11 degrees 18 minutes 51 seconds East for a distance of 3.08 to an iron pin; thence run along a curve to the left having a radius of 35.00 feet and an arc length of 39.45 feet

a chord bearing and distance of North 20 degrees 58 minutes 38 seconds West 37.40 feet; thence run North 53 degrees 16 minutes 07 seconds West for a distance of 29.65 to an iron pin; thence run along a curve to the right having a radius of 65.00 feet and an arc length of 67.07 feet a chord bearing and distance of North 23 degrees 42 minutes 38 seconds West 64.13 feet; thence run North 05 degrees 50 minutes 51 seconds East for a distance of 67.33 to an iron pin; thence run along a curve to the left having a radius of 85.00 feet and an arc length of 38.85 feet a chord bearing and distance of North 07 degrees 14 minutes 46 seconds West 38.51 feet; thence run North 20 degrees 20 minutes 23 seconds West for a distance of 78.97 to an iron pin on the South right of way margin of Snug Harbor Road; thence run North 72 degrees 19 minutes 16 seconds East along said right of way margin for a distance of 30.20 to an iron pin on the 600 foot contour elevation of the Guntersville Reservoir; thence leaving said right of way margin and run along said 600 foot contour elevation as it meanders in a Southeasterly direction approximately 414.44 feet to an iron pin; thence leaving said contour and run North 41 degrees 19 minutes 03 seconds West for a distance of 62.79 to an iron pin; thence run South 51 degrees 48 minutes 19 seconds West for a distance of 55.04 to an iron pin; thence run South 41 degrees 19 minutes 03 seconds East for a distance of 76.45 to an iron pin; thence run North 51 degrees 48 minutes 19 seconds East for a distance of 42.99 to an iron pin on the 600 foot contour elevation of the Guntersville Reservoir; thence run along said 600 foot contour elevation as it meanders in a Southeasterly direction approximately 70.13 feet to an iron pin and back to the TRUE POINT OF BEGINNING, containing 6.96 acres, more or less.

**BYLAWS
OF
SNUG HARBOR RETREAT CONDOMINIUM ASSOCIATION, INC.**

ARTICLE 1

THE ASSOCIATION

Section 1. Identity. These are the Bylaws of **Snug Harbor Retreat CONDOMINIUM ASSOCIATION, INC.**, a not for profit corporation (the "**Association**"), which was formed under the Alabama Nonprofit Corporation Act (Ala. Code §10-3A-1 *et seq.* (1975)) by filing the Articles of Incorporation of the Association (the "**Articles**") with the Office of the Judge of Probate of Marshall County, Alabama on _____, 2007. The Association has been organized for the purpose of providing for the operation, management, maintenance, control and administration of Snug Harbor Retreat, A Condominium, (the "**Condominium**"), pursuant to the provisions of the Alabama Uniform Condominium Act of 1991, Ala. Code §35-8A-101 *et seq.* (1975) (the "**Condominium Act**"), and the Declaration of Condominium of Snug Harbor Retreat, A Condominium (the "**Declaration**") as filed with the Office of the Judge of Probate of Marshall County, Alabama in accordance with the provisions of the Condominium Act.

Section 2. Principal Office. The principal office of the Association in the State of Alabama shall be located in the County of Marshall, Alabama. The Association may have such other offices, either within or without the State of Alabama, as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 3. Registered Office. The registered office of the Association, required by the Alabama Nonprofit Corporation Act to be maintained in the State of Alabama, may be, but need not be, identical with the principal office in the State of Alabama, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 4. Defined Terms. Capitalized terms used in these Bylaws without specific definition shall have the same meanings ascribed to such terms (i) in the Declaration, or (ii) if any such capitalized term is not found in the Declaration, then such capitalized terms shall have the same meanings ascribed to such terms in the Articles.

ARTICLE 2

MEMBERSHIP

Section 1. Membership. The members of the Association shall be the Owners of Units in the Condominium.

Section 2. Annual Meeting. The annual meeting of the Membership shall be held on the Third Monday in the month of December in each year, beginning with the year 2008 at the hour of 6:00 P.M., or at such other time on such other day within such month as shall be fixed by

the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Alabama, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Membership, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Membership as soon thereafter as may be convenient.

Section 3. Special Meetings. Special meetings of the Membership, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by a majority of the Board of Directors and shall be called by the President or the Secretary at the request of holders of not less than 20% of all the outstanding votes of the Membership.

Section 4. Place of Meeting. The Board of Directors may designate any place, within or without the State of Alabama, as the place of meeting for any annual meeting or for any special meeting of the Membership. If no designation is made or, if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Association in the State of Alabama.

Section 5. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of an annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall, unless otherwise prescribed by statute or by the Articles of Incorporation, be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice 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. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or for any other proper purpose, such date in any case to be not more than 50 days and, in case of a meeting of the Membership, not less than 10 days prior to the date on which the particular action, requiring such determination of members, is to be taken. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of the Membership, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of the Membership has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 7. Voting Lists. The officer or agent having charge of the records of members of the Association shall make, at least 10 days before each meeting of the Membership, a complete list of the members entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of each member and the number of votes to which he is entitled, which list, for a period of ten days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any member making written request therefor at any time during usual business hours. Such list shall also be

produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 8. Quorum. Until the Declarant relinquishes control of the Association, the presence of a duly authorized representative of Declarant shall constitute a quorum. Thereafter, the presence at any meeting of the Membership of the members entitled to cast a majority of the votes in the Association, represented in person or by proxy, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 9. Majority Vote. The vote of members entitled to cast a majority of the votes represented at a meeting of the Membership at which a quorum is present shall be the act of the members of the Association, unless the vote of a greater number is required by law, the Declaration, the Articles, or these Bylaws.

Section 10. Proxies. At all meetings of the Membership, a member may vote in person or by proxy executed in writing by the member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after ninety days from the date of its execution, unless otherwise provided in the proxy.

Section 11. Voting Rights. At any meeting of the Membership, the members who are owners of whole Units (as defined in the Declaration) shall be entitled to cast the number of votes designated in the Declaration of Condominium of Snug Harbor Retreat, A Condominium. If a Unit is owned by one person, his right to vote shall be established by record title to his Unit. If a Unit is owned by more than one person, the person entitled to cast the votes for the Unit shall be designated by a certificate signed by all of the record owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, the person entitled to cast the votes for the Unit shall be designated by a certificate signed by the president or vice president and attested to by the secretary or assistant secretary of the corporation and filed with the secretary of the Association. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the votes of Unit may be revoked at any time by any owner of a Unit. If such certificate is not on file, the votes of such owner shall not be considered in determining the requirement for a quorum nor for any other purpose.

Section 12. Informal Action by Members. Any action required to be taken at a meeting of the Membership, or any other action which may be taken at a meeting of the Membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE 3

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by or under the direction of its Board of Directors (the “**Board**” or “**Board of Directors**”).

Section 2. Number, Tenure and Qualifications.

(a) The initial Board shall consist of three members designated by Declarant, each of whom shall serve until his or her successor has been designated by Declarant and qualified or until his death, resignation or removal, as provided for herein. Upon the earliest to occur of (i) through (iv) of Section 5(b) of Article 3, and also upon any occurrence as set forth in (A) or (B) of Section 5(b) of Article 3, a new three-member Board shall be installed at a Special Meeting of the Members called and held in accordance with Section 5(b) of Article 3. Thereafter, vacant and expired positions on the Board of Directors shall be filled by the Members at an annual meeting of Members held pursuant to Section 2 of Article 2, in accordance with these Bylaws.

(b) All members of the Board elected by the Owners, *i.e.* other than Declarant or Declarant-designee appointees, shall be either (i) individual Unit Owners, (ii) individual Eligible Mortgagees of Units, or (iii) officers, directors, shareholders, partners, members or employees of any of the foregoing.

(d) The term of office for the initial Board members designated by Declarant shall be fixed for one year each.

(e) At the expiration of the term of office of each member elected or appointed to the initial Board, successors shall be elected or appointed for a term of one year. Members of the Board may serve for more than one term.

Section 3. The Residential Committee. If any Residential Units are created, the Board shall form a committee (the “**Residential Committee**”) to make determinations and perform certain functions, to the extent permitted by law, on behalf of the Board with respect to the Residential Section that do not materially adversely affect the Chalet Section. The Residential Committee shall consist of at least one member (or such greater number as designated by the Board) each of which shall be appointed for a term of one year each (or such longer term as determined by the Board) and shall be a Residential Unit Owner. Thus, subject to the foregoing, the determinations and actions the Residential Committee may make, include, without limitation, those concerning:

(i) Operation, care, upkeep, maintenance, repair and replacement of the Residential Section, including the Residential Limited Common Elements;

(ii) Employment and dismissal of the personnel necessary for the maintenance and operations of the Residential Section;

(iii) Making ordinary repairs, restorations, additions and improvements to, or alteration of, the Residential Limited Common Elements;

(iv) Making repairs to and restorations of the Residential Section or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings;

(v) Enforcing obligations of Residential Owners;

(vi) Opening and maintaining bank accounts on behalf of the Residential Section (with respect to matters within its jurisdiction as provided in these Bylaws) and designating the signatories required therefor; and

(vii) Such other matters pertaining to the Residential Section as delegated to the Residential Committee by the Board.

Section 4. The Chalet Committee. The Board shall form a committee (the “**Chalet Committee**”) to make determinations and perform certain functions, to the extent permitted by law, on behalf of the Board with respect to the Chalet Section that do not materially adversely affect the Residential Section. The Chalet Committee shall consist of at least one member (or such greater number as designated by the Board) each of which shall be appointed for a term of one year each (or such longer term as determined by the Board) and shall be a Chalet Unit Owner. Thus, subject to the foregoing, the determinations and actions the Chalet Committee may make, include, without limitation, those concerning:

(i) Operation, care, upkeep, maintenance, repair and replacement of the Chalet Section, including the Chalet Limited Common Elements;

(ii) Employment and dismissal of the personnel necessary for the maintenance and operations of the Chalet Section;

(iii) Making ordinary repairs, restorations, additions and improvements to, or alteration of, the Chalet Limited Common Elements;

(iv) Making repairs to and restorations of the Chalet Section or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings;

(v) Enforcing obligations of Chalet Owners;

(vi) Opening and maintaining bank accounts on behalf of the Chalet Section (with respect to matters within its jurisdiction as provided in these Bylaws) and designating the signatories required therefor; and

(vii) Such other matters pertaining to the Chalet Section as delegated to the Chalet Committee by the Board.

Section 5. Election of Directors.

(a) Election of Directors entitled to be elected by the Membership shall be held at the annual meeting or, if required pursuant to subparagraph (b) below, at a special meeting of the Membership. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. There shall be no cumulative voting.

(b) Notwithstanding the provisions of subparagraph (a) above or anything else in these Bylaws to the contrary, the Declarant, its successors and assigns, and not the Membership and not the members of the Association, shall have exclusive control of the Board of Directors of the Association, including the Residential Committee and the Chalet Committee, by virtue of its exclusive right to elect or appoint, remove, and in the event of vacancies, the Declarant shall have the exclusive right to fill such vacancies in each and every position of the members of the Board of Directors of the Association by written notice to the members stating the names of the persons so elected, appointed or removed, until the earliest to occur of the following (i) 60 days after 75% of the total number of Units have been conveyed to Owners other than Declarant; (ii) ten years have elapsed from the conveyance of the first Unit to an Owner other than Declarant; (iii) two years after the date that Declarant has ceased to offer the Units for sale in the ordinary course; or (iv) the Declarant elects, at its option, to terminate control of the Association. Notwithstanding and in limitation of the foregoing, (A) within 90 days after the conveyance of 25% of the Units to Owners other than Declarant, the Owners other than Declarant shall be entitled to elect 25% of the Board of Directors; and (B) not later than 90 days after conveyance of 50% of the Units to Owners other than Declarant, the Owners other than Declarant shall be entitled to elect not less than one-third of the Board of Directors. Further, the Declarant shall be entitled to elect at least one member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least five percent of the total number of Units within the Condominium. Within 60 days before the date of termination of control of the Association by the Declarant pursuant to the occurrence of items (i), (ii), (iii) or (iv) above, and within 60 days after the occurrence of either (A) or (B) in this paragraph, the Board of Directors shall call and give not less than ten nor more than 30 days' notice of a Special Meeting of the membership for the purpose of electing the Directors to be elected by the members other than the Declarant.

Section 6. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of the Membership; provided that any such regular meeting of the Board, the Residential Committee or the Chalet Committee may be held at any other time or place that shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all applicable Directors. The Board of Directors, the Residential Committee or the Chalet Committee may provide, by resolution, the time and place, within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or any two Directors. Special meetings of the Chalet Committee or Residential Committee may be called by or at the request of any member of such respective Committee.

Section 8. Notice. Notice of any special meeting shall be given at least three days prior thereto by written notice delivered personally or mailed to each Director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by Federal Express or other overnight courier service, such notice shall be deemed to be delivered when the same delivered by the overnight courier service. Any Director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 9. Quorum. A majority of the number of Directors fixed in the manner determined by Section 2 of this Article 3 shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

If a quorum is present when the meeting is convened, the Directors present may continue to do business, taking action by a vote of the majority of a quorum, until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum present, or the refusal of any Director present to vote.

Section 10. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 11. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting 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.

Section 12. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors may be filled by a majority of the remaining Directors, except as otherwise provided in Section 5 of this Article 3. A Director elected or appointed, as the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.

Section 13. Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a Director or both. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor. Under no circumstances shall the Association make loans to officers and Directors.

Section 14. Committees. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of two or more Directors and which to the extent provided in said resolution or resolutions or in the Bylaws of the Association shall have and may exercise all of the powers of

the Board of Directors in the management of the activities and affairs of the Association and may have power to authorize the seal of the Association to be affixed to all papers which may require it; except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee or any Director or officer of the Association; amending the Articles, restating the Articles, adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any action or resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation of such committee or committees or the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility imposed upon it or him by law.

Section 15. Resignations. Any Director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Secretary of the Association. Such resignation shall take effect at the time specified therefor; and the acceptance of such resignation shall not be necessary to make it effective.

Section 16. Place of Meeting. The Board of Directors may designate any place within or without the State of Alabama as the place of meeting for any regular or special meeting of the Board of Directors.

Section 17. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE 4

OFFICERS

Section 1. Number. The officers of the Association shall be a President, one or more Vice President(s) (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the President and Secretary. An officer need not be a member of the Association. The failure of the Board of Directors to elect any officers other than a President, a Treasurer and a Secretary shall not constitute a violation of these Bylaws.

Section 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Membership. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall have resigned or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, by the affirmative vote of the Board of Directors, whenever in their judgment the best interests of the Association will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create any contract rights in favor of such officer.

Section 4. Vacancies. A vacancy in any office elected or appointed by the Board of Directors because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the Membership. He may sign, with the Secretary or an Assistant Secretary, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the mailing address of each member which shall be furnished to the Secretary by such member; (e) have general charge of the transfer books of the members of the Association; and (f) in general perform all duties

incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article 5 of these Bylaws, and (c) in general perform all of the duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 9. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

Section 10. Amendments to the Declaration. The President of the Association may prepare, execute, verify and record amendments to the Declaration on behalf of the Association, unless a different officer is designated by resolution of the Board of Directors.

Section 11. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Association.

ARTICLE 5

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5. Proxies. Unless otherwise provided by resolution of the Board of Directors, the President may from time to time appoint an attorney or agent of the Association, in the name and on behalf of the Association, to cast the votes which the Association may be entitled to cast as the holder of stock or other securities in any other corporation any of whose stock or other securities may be held by the Association, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name and on behalf of the Association, as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed, in the name and on behalf of the Association and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE 6

BOOKS AND RECORDS

Section 1. Accounting. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the members, Board of Directors and committees thereof and shall keep at its registered or principal office in Alabama a record of the names and addresses of members entitled to vote, Directors and officers. The accounting records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Association shall be open to inspection by the members or their authorized representatives for any proper purpose at any reasonable time. Such records shall include:

(a) Association Accounts. The receipts and expenditures of the Association shall be credited and charged to the appropriate account as set forth below.

(i) Current Expenses. All funds to be expended during the year for the maintenance of the Common Elements and Limited Common Elements and the operation and working capital of the Association shall be held in the Current Expense Account. Any balance in this fund at the end of each year may be used to pay Common Expenses and Limited Common Expenses incurred in any successive year or may be placed in the reserve fund account for the Association.

(ii) Reserve Funds. All funds to be expended for replacement, acquisition and repair of capital improvements which are a part of Common Elements and Limited Common Elements shall be held in the reserve fund account for the Association.

(iii) Additional Accounts. Notwithstanding the foregoing, the Association may, in the discretion of the Board, maintain separate accounts for the Chalet Section and the Residential Section, including accounts for current expenses and for reserves.

(b) Member Accounts. An account for each member shall be maintained setting forth the name and address of the member, the interest percentage in the Common Elements and Limited Common Elements, if any, the amount of each assessment, the dates and amounts in which the assessments become due, the amounts paid upon the account and the balance due.

Section 2. Budget. The Board of Directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the Common Expenses and Limited Common Expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 1 preceding the year for which the budget is made. If the budget is amended substantially, a copy of the amended budget shall be furnished to each member.

Section 3. Assessments. Assessments against the members for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 31, preceding the year for which the assessments are made. Such assessments shall be due in quarterly or monthly installments, as may be determined by the Board of Directors. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors.

Section 4. Assessments for Emergencies. Assessments for Common Expenses for emergencies that cannot be paid from the annual assessments for Common Expenses shall be made only after notice of the need for such is given to the members concerned, and it shall be due 30 days after such notice in such manner as the Board of Directors may require in the notice of assessment.

Section 5. Compilation. A compilation of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the compilation report shall be made available for review by each member.

Section 6. Bonds. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board of Directors, but shall not be less than three times the amount of the total annual assessments against members for Common Expenses and Limited Common Expenses. The premiums of such bonds shall be paid by the Association.

Section 7. Rules and Regulations and Violation of any Documents. Subject to the terms and conditions of the Declaration, the Board of Directors may establish, abolish or amend reasonable rules and regulations concerning the use of the Common Elements. The text of such rules and regulations shall be furnished or made available to the members. The Board shall have the power, upon violation of the rules and regulations, or upon violation of the terms of the Declaration or Bylaws to impose monetary fines on a member which shall constitute a lien and shall be enforceable in like manner as provided for assessments or to suspend for a reasonable period of time either the member's right to the use of Common facilities within the common Elements or the member's right to vote.

ARTICLE 7

WAIVER OF NOTICE

Whenever any notice is required to be given to any member or Director of the Association under the provisions of these Bylaws, the Articles of Incorporation, the Declaration, the provisions of the Alabama Nonprofit Corporation Act, and any act amendatory thereof, supplementary thereto or substituted therefor, the provisions of the Condominium Act, and any act amendatory thereof, supplemental thereto or substituted therefor, or the Alabama Constitution, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 8

FISCAL YEAR

The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

ARTICLE 9

INDEMNIFICATION

Section 1. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best

interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. To the extent that a Director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article 9, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. Any indemnification under Sections 1 and 2 in this Article 9 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 in this Article 9. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the Membership.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this section.

The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 10

AMENDMENT

Section 1. Amendment to Bylaws. These Bylaws may be amended, altered or repealed in the following manner:

(a) By the Declarant until either (i) 60 days after 75% of the total number of Units have been conveyed to Owners other than Declarant, (ii) ten years have elapsed from the conveyance of the first Unit to an Owner other than Declarant, (iii) two years after the date that

Declarant has ceased to offer the Units for sale in the ordinary course, or (iv) the Declarant elects, at its option, to terminate control of the Association, whichever shall first occur;

(b) By the members at any regular or special meeting upon the affirmative vote of the holders of not less than 67% of the outstanding votes present at such meeting in person or represented by proxy, a quorum being present.

Section 2. Recordation. No modification or amendment to the Bylaws shall be valid and effective until the President and Secretary of the Association shall certify as to the adoption of such amendment and shall file their certificate setting forth the text of the amendment with the Office of the Judge of Probate of Marshall County, Alabama.

- THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK –

CERTIFICATION

We, the undersigned, as President and Secretary of Snug Harbor Retreat Condominium Association, Inc., hereby certify that the above and foregoing constitutes a true and correct copy of the initial Bylaws of Snug Harbor Retreat Condominium Association, Inc. as adopted by its Board of Directors and that all provisions are in full force and effect and have not been revoked or rescinded.

This the ____ day of _____, 2007.

By: _____
Print Name: _____
Its President

By: _____
Print Name: _____
Its Secretary

EXHIBIT "C"

OWNERSHIP PERCENTAGE OF COMMON ELEMENTS AND COMMON SURPLUS AND ALLOCATION OF COMMON EXPENSES, RESIDENTIAL SECTION EXPENSES, CHALET SECTION EXPENSES, AND VOTES

Unit Number	Approximate Square Footage	Ownership Percentage	Vote per Unit	Percentage of Common Expenses	Percentage of Residential Section Expenses	Percentage of Chalet Section Expenses
E	1,977	5.82%	1	5.82%		5.82%
F	1,977	5.82%	1	5.82%		5.82%
G	1,977	5.82%	1	5.82%		5.82%
H	1,977	5.82%	1	5.82%		5.82%
J	1,977	5.82%	1	5.82%		5.82%
K	1,977	5.82%	1	5.82%		5.82%
M	1,977	5.82%	1	5.82%		5.82%
N	1,977	5.82%	1	5.82%		5.82%
P	1,977	5.82%	1	5.82%		5.82%
R	1,977	5.82%	1	5.82%		5.82%
T	1,977	5.82%	1	5.82%		5.82%
W	1,977	5.82%	1	5.82%		5.82%
Y	1,977	5.82%	1	5.82%		5.82%
Z	1,977	5.82%	1	5.82%		5.82%
AA	1,977	5.82%	1	5.82%		5.82%
BB	1,160	5.82%	1	1.98%		3.42%
CC	1,977	5.82%	1	5.82%		5.82%

DD	1,160	1.98%	1	1.98%		3.42%
TOTAL		100%	38	100%	100%	100%

FORMULA FOR DETERMINING OWNERSHIP PERCENTAGE, COMMON EXPENSES, RESIDENTIAL SECTION EXPENSES AND CHALET SECTION EXPENSES

The formula for arriving at the Percentage Ownership Interest in the Common Elements (respective share of each Unit) shall be a percentage interest, which shall be determined by dividing the interior square footage of a Unit by the total interior square footage of all the Units in all phases (both Residential and Chalet). Upon the dedication of any additional Phase(s) to the condominium form of ownership, by the filing of an incremental amendment in the Probate Office, the Percentage Ownership Interest in the Common Elements shall be redetermined in accordance with the formula set forth above and restated in the incremental phasing amendment. The total percentage interest shall never exceed 100%.

The Common Expenses shall be charged to Unit Owners according to the Percentage Ownership Interest in the Common Elements. The Residential Unit Expenses shall be charged to Residential Unit Owners based on a percentage interest which shall be determined by dividing the interior square footage of a Residential Unit by the total interior square footage of all the Residential Units in all phases. The Chalet Unit Expenses shall be charged to Chalet Unit Owners based on a percentage interest which shall be determined by dividing the interior square footage of a Chalet Unit by the total interior square footage of all the Chalet Units in all phases. For the purpose of this Exhibit "C" the total number of square feet of interior area in any Unit shall be conclusively presumed to be as shown on the Plans, as last amended, to the Declaration.

THE PLANS OF SNUG HARBOR RETREAT, A CONDOMINIUM

PHASE 1

Attached are reduced copies of the site plan of the Condominium.

The complete set of construction plans for the Condominium is available for review and inspection at the Developer's sales office. The final "as built" plans will be attached as an exhibit to the Declaration and recorded in the Office of the Judge of Probate, Marshall County, Alabama, when the Condominium is complete.

THE PLANS OF SNUG HARBOR RETREAT, A CONDOMINIUM

PHASE 2

Attached are copies of the ground or first floor plan, second through fifth floor plan, and front and side elevations of Building Dockside of the Condominium. Building Dockside NEED NOT BE BUILT.

**ENCUMBRANCES AFFECTING TITLE TO
THE CONDOMINIUM PROPERTY**

1. Subject to those certain reservations, conditions, rights-of-ways and/or limitations as contained in those certain deeds from the United States of America, by and through its legal agent the TVA as recorded in Deed Book 286 page 402 as modified by Deed of Correction recorded in Deed Book 351 page 178, Deed Book 309 page 10 and in that certain Grant of Easement to Lula Mae Peyton Walker as recorded in Deed Book 524 page 132 and as amended by Confirmation of Grant Easement as recorded in Deed Book 526 Page 732 all in the Probate Office of Marshall County, Alabama.

2. Right-of-way for Snug Harbor Road and a right-or-way as described as a 50 foot road as recorded in Deed Book 354 page 463 as amended by instrument recorded in Book 351 page 178 all in the Probate Office of Marshall County, Alabama.

3. Encroachment of Mitchell Hollow Road and right of way Snug Harbor Road and state right of way as shown on survey by Taylor Rainwater and Associates, Inc., dated August 8, 2007 (Tract 219).

4. Zoning ordinances, planning and subdivision regulations and other restrictions or regulations upon the use of the Real Property as may be imposed by Marshall County, Alabama or other governmental authorities having jurisdiction over the Real Property.

5. The Development Rights and the Special Declarant Rights reserved to the Declarant by this Declaration and by the Act.

6. All ad valorem taxes and assessments.

7. The rights of eminent domain or governmental rights of police power.

8. The nature and extent of any riparian rights, if any.

9. Easements or claims of easements shown or not shown by the public records.

10. Encroachments, overlaps, boundary line disputes and any other matter which could be disclosed by an accurate survey of the Real Property and the Improvements.

11. Any adverse claim to any portion of the Condominium which has been created by artificial means or has accreted to any such portion so created and riparian rights, if any.

12. Reservation of oil, gas and other minerals in, on and under said Condominium, together with all rights or easements in connection therewith, as have previously been reserved by or conveyed to others, shown or not shown by the public records.

13. Ad valorem property taxes which are a lien upon the Condominium, but are not due and payable until October 1.

14. The Declaration and the Articles of Incorporation of the Association, as well as the Association's Bylaws and Rules and Regulations.

15. A mortgage to Wachovia Bank in the principal amount of \$2,080,000 recorded on September 21, 2007 as Instrument Number 3007658 Book 4348, Page 181 in the Office of the Probate Judge of Marshall County, Alabama. A mortgage to finance the development of the Units shall also be placed on the Condominium Property at some point in the future in an amount necessary to finance such development. Each unit shall be released from the mortgages when the unit is sold.

16. Building setback line and drainage and utility line easements as shown on the plat or plan of the Condominium.

17. Any adverse claim arising by reason of rules or regulations being imposed upon the Condominium by any environmental agency of the State of Alabama or of the United States of America.

18. Any and all restrictive covenants, easements, rights of way, building setback lines, drainage and utility line easements, and reservations presently of record applicable to said Condominium.

19. Terms and conditions of all permits and licenses of federal, state and local governments, including applicable agencies and departments and private and quasi-governmental agencies having jurisdiction over the Real Property.

20. Easements required to be conveyed to Southwest Water Alabama Onsite System Services, LLC ("Southwest") pursuant to the terms of that Sewer Service Agreement between the Declarant and Southwest dated _____, 2007.

**RULES AND REGULATIONS
CONCERNING THE USE OF
SNUG HARBOR RETREAT, A CONDOMINIUM**

In addition to those rules and regulations contained in the Declaration of Condominium of Snug Harbor Retreat, A Condominium (the "**Declaration**"), the following rules are hereby adopted by Snug Harbor Retreat Condominium Association, Inc. (the "**Association**"):

1. The Common Elements of Snug Harbor Retreat, A Condominium (the "**Condominium**") are for the use of Condominium unit owners and their invited guests.

2. Designated walkways and paved areas shall be used at all times and shortcuts shall be avoided, both to prevent accidents and to preserve the appearance of planted areas. No motorized vehicle shall be operated on any walkway or other area except upon the driveways and parking areas designated for vehicular use.

3. No article shall be hung or shaken from the doors or windows or placed upon the window sills or balconies of the units. Under no circumstances shall laundry, towels or other articles be placed or hung on the exterior portions of a unit.

4. No one shall make or permit any noises that will disturb or annoy the occupants of any of the other units in the Condominium, or do or permit anything to be done which will interfere with the rights, comfort or convenience of others. No one shall loiter about the Condominium property or otherwise obstruct any of the Common Elements or Limited Common Elements, as defined in the Declaration. The equal and unobstructed access of all unit owners and their invited guests to these areas shall be maintained.

5. Each owner shall keep such owner's unit in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or window or balconies thereof, any dirt or other substance. All garbage and refuse shall be deposited with care in the trash receptacles intended for such purpose and only at such times and in such manner as the Board of Directors may direct, or disposed of in a garbage disposal in accordance with the disposal instructions. No garbage cans of any kind may be stored outside of an owner's unit. No trash or other articles shall be burned, and all disposals shall be in accordance with such further rules and regulations as shall, from time to time, be promulgated by the Board of Directors of the Association in accordance with the Declaration and the Association's Bylaws.

6. The sidewalks, driveways and parking areas must not be obstructed or encumbered or used for any purpose other than ingress or egress. Vehicles, including motorcycles, shall be parked only in the automobile parking spaces that have been provided. No vehicle shall be parked in such manner as to impede or prevent ready access to any building, driveway, parked car or any other parking areas. No vehicle shall be parked in any area where a "No Parking" or other similar sign is posted. No parking space, driveway, or other area shall be used for the storage or parking of any boat, boat trailer, house trailer, camper trailer, or any other sort of towed vehicle or object except as approved by the Board of Directors pursuant to specific

rules and regulations regarding the same. The owners, their employees, servants, agents, visitors, licensees and family will obey the parking regulations posted by the Board of Directors in the parking areas, and drives, and any other traffic regulations promulgated in the future for the safety, comfort or convenience of the owners. Washing of cars, boats, and vehicles of any kind is prohibited except in areas designated by the Board of Directors.

7. All unit owners, their residents and guests shall adhere to any and all posted speed limits on the Condominium property.

8. No vehicle shall be parked upon the Condominium property that is unlicensed or inoperable, to be determined in the discretion of the Board of Directors. For the purpose of this provision, inoperable vehicles include, but are not limited to, vehicles missing one or more tires and vehicles with flat tires. Upon notification from the Board of Directors that a vehicle is unlicensed or inoperable, the owner of the vehicle shall have twenty-four hours after posting of the notice on the subject vehicle or the mailing of the notice to the subject unit owner, to remove the vehicle from the Condominium property, repair the vehicle to an operable condition and/or obtain a license for the vehicle; otherwise, the vehicle shall be towed from the Condominium property at the owner's expense.

9. Water closets or other water apparatus in the buildings shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or other articles be placed in the same. Any damage resulting from misuse of water closets or other apparatus in the units shall be repaired and paid for by the owner of such unit. Water shall not be left running for any unreasonable or unnecessary length of time.

10. A unit owner may identify such owner's unit with a number plate of a type and size approved by the Association and mounted in a place and manner approved by the Association. No other sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any unit owner or any part of the outside of a building, hung from or placed on windows, window sills, balconies, or otherwise displayed, without the prior written consent of the Association, except signs used by the Developer in the sale or leasing of units as provided in the Declaration of Condominium of Snug Harbor Retreat, A Condominium.

11. Unit owners are reminded that alteration and repair of the Common Elements (as defined in the Declaration) is the responsibility of the Association, except for those matters which are stated in the Declaration of Condominium of Snug Harbor Retreat, A Condominium to be the responsibility of a unit owner. No work of any kind is to be done upon or affecting those portions of exterior building walls or interior boundary walls which are the responsibility of the Association without first obtaining the approval required by the Declaration of Condominium of Snug Harbor Retreat, A Condominium.

12. No ham radios or radio transmission equipment shall be placed on any Common Element, Limited Common Element, or the exterior of the building so as to be visible from any street or any Unit; no television or radio antennas or television satellite discs over 39.37 inches shall be permitted.

13. The Association, its workmen, contractors or agents, shall have the right of access to any unit at any reasonable hour of the day for the purpose of making inspections, repairs, replacements, or improvements, or to remedy any conditions which would result in damage to the portions of the building, or for any purpose permitted under the terms of the Declaration of Condominium of Snug Harbor Retreat, A Condominium or the Bylaws of the Association. Except in case of emergency, entry will be made by prearrangement with the owner. In the event the Association finds there are vermin, insects or other pests within any unit, it may take such measures as it deems necessary to control or exterminate the same. The Association shall arrange for pest control for all of the Residential Units unless directed otherwise by any Residential Unit owner.

14. No one shall use or permit to be brought into any unit or upon any of the common areas and facilities any inflammable oils or fluids such as gasoline, kerosene, naphtha or benzine, or other explosives or articles deemed extra hazardous to life, limb or property.

POOL

15. Rules posted at the pools include:
- a. Pool hours are 10:00 a.m. to 11:00 p.m. daily
 - b. Pool is for residents and guests only with a limit of four guests per unit.
 - c. Children under 12 must be accompanied by an adult.
 - d. Diving is prohibited.
 - e. Pool should not be used unless two or more people are present within pool enclosure.
 - f. Beverages are permitted only in non-breakable containers (no glass or bottles) and must be placed in trash containers when empty.
 - g. Absolutely no pets in the pool area.
 - h. No climbing or jumping over fence allowed.
 - i. No loud or obnoxious noise or conduct in the pool area.
 - j. No public intoxication allowed in pool area.
 - k. Lifeguard not on duty - the Association is not responsible for accidents.
 - l. Running in the pool area is prohibited.
 - m. Pool gate must be closed at all times.

PETS

16. Pets shall only be walked when on a leash and all pet waste shall be curbed and immediately disposed of by the unit owner.

17. Loud barking or other loud noises made by pets in units is prohibited and shall be considered and treated as a public nuisance.

COMPLAINTS

18. Complaints regarding the management of the condominium or regarding actions of other owners or persons shall be made in writing to the Board of Directors of the Association. The Association may assign to one or more persons, or to a manager, full responsibility for the

enforcement of all or any one of these Rules and Regulations. Any complaint or dispute as to any of these Rules and Regulations, or as to any application or enforcement thereof, shall be made in writing to the Board of Directors setting forth the nature of the matter complained of, and the names of all parties aggrieved and/or charged by reason of such matter. The Board of Directors may, in its sole discretion, decide the complaint without a hearing. In the event the Board of Directors elects to have a hearing upon such complaint, not less than five days notice thereof shall be given in writing to each person named in the complaint as aggrieved and/or charged, stating the date, time and place of such hearing. Proceedings before the Board of Directors shall be informal, without technical rules of evidence, and each party aggrieved and/or charged shall be entitled to be present in person or by their attorney, and to be heard.

AMENDMENT AND ENFORCEMENT

19. Any consent or approval given under these rules by any person designated as manager or any person or committee designated as being responsible for the enforcement of any of these rules, and/or for the use of any common facility, shall be revocable at any time by the Board of Directors of the Association.

20. The Board of Directors may from time to time promulgate rules and regulations regarding the enforcement of these rules, and such other rules as the Board of Directors may adapt from time to time, including towing of vehicles, assessments for damages or other actions deemed appropriate by the Board of Directors.

21. These rules are subject to amendment by the Board of Directors of the Association and to the promulgation of further rules by the Board of Directors and/or by the Association.

22. The foregoing Rules and Regulations shall not apply to Declarant, its successors or assigns, until it has surrendered control of the Association or its control of the Association has been terminated in the manner set forth in the Declaration and the Bylaws of the Association.

EXHIBIT "G"

PLANS AND SPECIFICATIONS FOR CHALET UNITS

INITIAL ASSOCIATION BUDGET

ADDITIONAL PROPERTY

A tract of land being a portion of TVA XGR Tract 220, being located in Section 3, Township 7 South, Range 3 East in Marshall County, Alabama being more particularly described as follows:

Commencing at a 1 seconds open-end pipe found in Mitchell Hollow Road at a point purported to be TVA Monument #180 and the Southeast corner of said Section 3; thence South 88 degrees 40 minutes 00 seconds West 392.34 feet to a capped rebar found on the North margin of Mitchell Hollow Road; Thence along the North margin of said road South 88 degrees 07 minutes 56 seconds West 382.41 feet to a point; thence run North for a distance of 72.35 to an iron pin, said point being the TRUE POINT OF BEGINNING; thence run North 13 degrees 39 minutes 44 seconds West for a distance of 8.24 to an iron pin; thence run North 53 degrees 16 minutes 07 seconds West for a distance of 87.87 to an iron pin; thence run North 65 degrees 20 minutes 22 seconds West for a distance of 193.74 to an iron pin; thence run North 12 degrees 09 minutes 30 seconds West for a distance of 105.45 to an iron pin on the 600 foot contour elevation of the Guntersville Reservoir; thence leaving said right of way margin and run along said 600 foot contour elevation as it meanders in an Easterly direction approximately 108.46 feet to an iron pin on the South right of way margin of Snug Harbor Road; thence run along said right of way margin as follows: thence run along a curve to the right having a radius of 45.00 feet and an arc length of 16.01 feet a chord bearing and distance of South 72 degrees 24 minutes 54 seconds East 15.92 feet; thence run South 62 degrees 13 minutes 27 seconds East for a distance of 13.01 to an iron pin; thence run along a curve to the left having a radius of 80.00 feet and an arc length of 78.94 feet a chord bearing and distance of North 89 degrees 30 minutes 24 seconds East 75.78 feet; thence run North 61 degrees 14 minutes 15 seconds East for a distance of 130.26 to an iron pin; thence run along a curve to the right having a radius of 270.00 feet and an arc length of 52.23 feet a chord bearing and distance of North 66 degrees 46 minutes 46 seconds East 52.15 feet; thence run North 72 degrees 19 minutes 16 seconds East for a distance of 0.38 to an iron pin; thence run South 20 degrees 20 minutes 23 seconds East leaving said right of way margin for a distance of 78.97 to an iron pin; thence run along a curve to the right having a radius of 85.00 feet and an arc length of 38.85 feet a chord bearing and distance of South 07 degrees 14 minutes 46 seconds East 38.51 feet; thence run South 05 degrees 50 minutes 51 seconds West for a distance of 67.33 to an iron pin; thence run along a curve to the left having a radius of 65.00 feet and an arc length of 67.07 feet a chord bearing and distance of South 23 degrees 42 minutes 38 seconds East 64.13 feet; thence run South 53 degrees 16 minutes 07 seconds East for a distance of 29.65 to an iron pin; thence run along a curve to the right having a radius of 35.00 feet and an arc length of 39.45 feet a chord bearing and distance of South 20 degrees 58 minutes 38 seconds East 37.40 feet; thence run South 11 degrees 18 minutes 51 seconds West for a distance of 3.08 to an iron pin; thence run along a curve to the right having a radius of 85.00 feet and an arc length of 96.46 feet a chord bearing and distance of South 43 degrees 49 minutes 33 seconds West 91.37 feet; thence run South 76 degrees 20 minutes 16 seconds West for a distance of 103.09 to an iron pin and back to the TRUE POINT OF BEGINNING containing 2.27 acres more or less.

ALSO

A tract of land being a portion of TVA XGR Tract 220, being located in Section 3, Township 7 South, Range 3 East in Marshall County, Alabama being more particularly described as follows:

Commencing at a 1 seconds open-end pipe found in Mitchell Hollow Road at a point purported to be TVA Monument #180 and the Southeast corner of said Section 3; thence South 88 degrees 40 minutes 00 seconds West 392.34 feet to a capped rebar found on the North margin of Mitchell Hollow Road; thence North 01 degrees 20 minutes 00 seconds West 504.37 feet to a point; thence West 302.68 feet to an iron pin on the North right of way margin of Snug Harbor Road, said point being the TRUE POINT OF BEGINNING; thence run along the North right of way margin of Snug Harbor Road as follows: thence run South 72 degrees 19 minutes 16 seconds West for a distance of 11.24 to an iron pin; thence run along a curve to the left having a radius of 330.00 feet and an arc length of 63.84 feet a chord bearing and distance of South 66 degrees 46 minutes 46 seconds West 63.74 feet to an iron pin; thence run South 61 degrees 14 minutes 15 seconds West for a distance of 130.26 to an iron pin; thence run along a curve to the right having a radius of 20.00 feet and an arc length of 19.74 feet a chord bearing and distance of South 89 degrees 30 minutes 24 seconds West 18.94 feet to an iron pin; thence run North 62 degrees 13 minutes 27 seconds West for a distance of 13.01 to an iron pin; thence run along a curve to the left having a radius of 105.00 feet and an arc length of 25.33 feet a chord bearing and distance of North 69 degrees 08 minutes 02 seconds West 25.26 feet to an iron pin on the 600 foot contour elevation of the Guntersville Reservoir; thence run along said 600 foot contour elevation as it meanders in an Easterly direction approximately 374.85 feet to an iron pin and back to the TRUE POINT OF BEGINNING, containing 0.48 acres, more or less.