

OFFERING STATEMENT
FOR
SNUG HARBOR RETREAT, A CONDOMINIUM

Snug Harbor Road
Grant, Alabama

January 4, 2008

SNUG HARBOR RETREAT, A CONDOMINIUM

THIS OFFERING STATEMENT (PROSPECTUS) CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.

THE STATEMENTS CONTAINED HEREIN ARE SUMMARY IN NATURE. A PROSPECTIVE BUYER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS AND THE SALES MATERIALS.

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF DECLARANT. REFER TO THIS OFFERING STATEMENT (PROSPECTUS) AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

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OFFERING STATEMENT (PROSPECTUS)
OF SNUG HARBOR RETREAT, A CONDOMINIUM

This Offering Statement or Prospectus is submitted by SNUG HARBOR RETREAT, LLC, an Alabama limited liability company (“Declarant”), in accordance with the disclosure requirements contained in the Alabama Uniform Condominium Act of 1991, Alabama Code (1975) Sections 35 8A 101 to 35 8A 417, generally referred to herein as the “Act.”

1. NAME AND PRINCIPAL ADDRESS OF DECLARANT.

The name of Declarant is Snug Harbor Retreat, LLC, an Alabama limited liability company, and its principal address is 1580 Sparkman Drive, Suite 201, Huntsville, Alabama 35816.

2. NAME AND LOCATION OF CONDOMINIUM.

The name by which this Condominium is to be identified is SNUG HARBOR RETREAT, A CONDOMINIUM (the “Condominium”). The Condominium does not currently have an address and one will be given to the Condominium once the initial phase is complete.

3. GENERAL DESCRIPTION OF THE CONDOMINIUM.

(a) The Condominium property will initially consist of a first phase of 18 “Chalet Units” situated on approximately 7.0 acres as indicated on the Declaration attached as Exhibit “1” to this Offering Statement. The Chalet Units are vacant lots upon which an owner must construct a chalet in accordance with plans and specifications which are available for review at the offices of the Declarant and attached to the Declaration. The Chalet Units, other than Chalet Units DD and BB, have 1,977 square feet and Chalet Units BB and DD have 1,160 square feet. The Developer does not warrant the suitability of the existing soil of the Chalet Units for construction of improvements thereon.

(b) The Developer anticipates the addition of a second phase to the Condominium consisting of a single, five level (story) Building “Dockside”. If Developer elects to construct such second phase, Building Dockside of the Condominium will initially have 20 Residential Units containing the following Residential Unit types on levels two through five:

Unit Type	# of Units	Approximate Size	Bedrooms/Bathrooms
A	6	1,075 sq. ft.	2/2
B	4	1,452 sq. ft.	3/2
C	6	1,075 sq. ft.	2/2
D	4	1,462 sq. ft.	3/2

Building Dockside may have 20 covered parking spaces. The parking spaces will not be assigned or reserved to any one Residential Unit. The second phase including Building Dockside NEED NOT BE BUILT.

(c) The Condominium shall be administered by Snug Harbor Retreat Condominium Association, Inc., an Alabama nonprofit corporation (the “Association”).

(d) The Declarant anticipates commencement of construction in February, 2008, and expects to substantially complete construction of the Condominium and related improvements on or before February 29, 2009. This is only an estimate and Declarant does not warrant or guarantee that construction shall be commenced or completed during such period. All improvements described herein or shown on any plat or plans attached hereto “NEED NOT BE BUILT” and commencement and completion of construction is contingent upon receipt of financing acceptable to Declarant.

4. NUMBER OF UNITS.

The total number of initial units in the Condominium is 18 Chalet Units. If the Developer elects to proceed with a second phase of the Condominium, Building Dockside may be constructed containing 6 A Residential Units, 4 B Residential Units, 6 C Residential Units, and 4 D Residential Units.

5. CONDOMINIUM DOCUMENTS.

Copies of the following documents are attached as exhibits to this Offering Statement; (1) the Declaration of Snug Harbor Retreat, a Condominium (the "Declaration") to be recorded in the office of the Judge of Probate of Marshall County, Alabama is set forth as Exhibit "1" to this Offering Statement; (2) the Articles of Incorporation of the Association are attached as Exhibit "2" to this Offering Statement; (3) the Bylaws of the Association are attached as Exhibit "3" to this Offering Statement; (4) the rules and regulations governing the use and occupancy of the Condominium are set forth as Exhibit "4" to this Offering Statement; (5) the Purchase Contract to be executed by each buyer of a unit is set forth as Exhibit "5" to this Offering Statement; (6); (7) the limited warranty to be executed by Declarant in favor of a buyer of a Residential Unit at closing is set forth on Exhibit "6" to this Offering Statement; (8) a list of contracts or agreements that are subject to cancellation by the Association are set forth on Exhibit "7" to this Offering Statement; (9) the Estimated Operating Budget for the Association for the period February 1, 2008 to January 31, 2009 is set forth as Exhibit "8" to this Offering Statement; and (10) the other encumbrances, covenants, conditions, restrictions and reservations of record affecting the Condominium are set forth on, and copies of which are attached to, Exhibit "9" to this Offering Statement.

6. THE CONDOMINIUM ASSOCIATION.

Each buyer of a unit automatically becomes a member of the Association. The Articles of Incorporation and Bylaws of the Association are attached as Exhibit "2" and Exhibit "3", respectively, to this Offering Statement.

7. MANAGEMENT OF THE CONDOMINIUM.

The Association has entered into a management agreement with Steve Kincer, C.P.A., P.C., a copy of which is available from the Declarant upon request. Such management agreement may be cancelled by the Association upon 90 days' notice by the Association without cause or penalty at any time after the board of the Association is elected by the unit owners after the termination of the period of control of the Association by Declarant.

8. ESTIMATED OPERATING BUDGET.

An Estimated Operating Budget for the Association is attached as Exhibit "3" to this Offering Statement. The Estimated Operating Budget was prepared by Jeremy R. Carter. The Estimated Operating Budget is based upon an occupancy rate of one hundred percent (100%). As of the date of this Offering Statement, the Association has no assets and no liabilities. A balance sheet for the Association will be prepared upon the completion of the Condominium or when the Association begins to conduct its business of managing the common elements of the Condominium. The Estimated Operating Budget will be supplemented by a current Estimated Operating Budget after one year from the date of the sale of the first unit to a buyer. The budget provided is based on estimated expenses only and may increase or decrease significantly in the future, including before the sale of the units in the Condominium.

9. DECLARANT SERVICES.

Declarant does not intend to provide any services not reflected in the budget or pay any expenses that it expects may at a later time become a common expense of the Association except for the initial funds necessary to purchase insurance policies associated with the Condominium, which funds were loaned to the Association by Declarant. The cost of said insurance coverage will be prorated between all of the units in the Condominium and each initial buyer will be required to pay the unit's pro rata share of

the cost of such initial insurance policies until Declarant is fully reimbursed. Declarant's payment of expenses for services before the first closing of a unit is not a waiver of its right not to pay any future expenses.

10. FINANCING.

Declarant does not offer or arrange any financing for buyers. Buyers are responsible for obtaining their own financing. Declarant may make available to buyer the names of lenders who may be interested in providing financing in connection with the purchase of Condominium Units; however, the terms and conditions of any such financing shall be determined at the sole and absolute discretion of such lenders. No representations or warranty is made by Declarant with respect to the interest rate of other terms of such financing will be available, whether a buyer will qualify for such financing, or the administration or enforcement of the loan after closing. The purchase contract does not contain a provision conditioning the buyer's obligation to purchase a unit on obtaining financing of all or a portion of the purchase price. If the buyer of a unit does not perform the obligations and requirements of the purchase contract, the earnest money deposit given to Declarant will be forfeited by the buyer in accordance with the terms stated in the purchase contract.

11. WARRANTIES.

(a) In accordance with section 35-8A-413 of the Act, express warranties made by Declarant, its affiliate, and any person in the business of selling real estate for his own account, to a buyer of a Unit if relied upon by the buyer, are created as follows:

- (i) Any affirmation of material fact or material promise which relates to the Unit, its use, or rights appurtenant thereto, improvements to the Condominium that would directly benefit the Unit, or the right to use or have the benefit of facilities not located in the Condominium, creates an express warrant that the Unit and related rights are uses will conform to the affirmation or promise;
- (ii) Any model or description of the physical characteristics of the Condominium, including plans and specifications of or for improvements, creates an express warranty that the Condominium will substantially conform to the model or description;
- (iii) Any description of the quantity or extent of the real estate comprising the Condominium, including plats or surveys, creates an express warranty that the Condominium will conform to the description, subject to customary tolerances; and
- (iv) A provision that a buyer may put a Unit only to a specified use is an express warranty that the specified use is lawful.

(b) At the closing of the sale of each Residential Unit, Declarant will provide a limited warranty in the form of Exhibit "7" attached to this Offering Statement to the buyer to cover latent defects in the unit for one year following closing or occupancy, whichever shall first occur. Declarant shall NOT assume responsibility or provide any warranty for the following:

- (i) defects in appliances and pieces of equipment which are covered by manufacturer's warranties;
- (ii) incidental, consequential, or secondary damages caused by a breach of this warranty;
- (iii) defects which are the result of characteristics common to the materials used, such as, but not limited to: warping and deflection of wood; mildew and fading; chalking and checking of

paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks, and masonry; drying, shrinking and cracking of caulking and weather stripping;

- (iv) conditions resulting from condensation on, or expansion or contraction of materials;
- (v) defective design or materials supplied by buyer or installed under buyer's direction, or defects in, or caused by anything not built into or installed in the unit pursuant to the purchase contract;
- (vi) damages due to ordinary wear and tear, abusive use, or lack of proper maintenance of the unit; and
- (vii) chips, scratches, or mars in tile, woodwork, walls, porcelain, brick, plumbing fixtures, formica and glass not expressly identified to Declarant prior to closing.

Notwithstanding anything to the contrary herein, the limited warranty provided by Declarant to a buyer does not cover any appliance, piece of equipment, or item that is a consumer product for purposes of the Magnuson-Moss Warranty Act (15 U.S.C., §§2301 through 2312). The limited warranty provided by Declarant to a buyer of a Residential Unit is given in lieu of any and all other warranties, either express or implied, including any implied warranty of merchantability, all of which warranties, express or implied, are expressly disclaimed. No limited warranty is provided by Declarant with regard to any Chalet Unit as these are unimproved real estate.

12. DISCLOSURES AND CANCELLATION.

The following rights are provided to each buyer pursuant to Section 35-8A-408 of the Act:

- (a) Within seven days after receipt of this Offering Statement, a buyer, before conveyance, may cancel any purchase contract of a unit from Declarant.
- (b) If Declarant fails to provide this Offering Statement to a buyer before conveying a unit, that buyer may rescind the conveyance within seven days after first receiving this Offering Statement.
- (c) If a buyer receives this Offering Statement more than seven days before signing a purchase contract, he cannot cancel the purchase contract. If the buyer receives this Offering Statement at, or prior to, the time a purchase contract is signed, then the buyer may cancel the purchase contract within seven days after receipt of this Offering Statement.

13. CLAIMS.

There are no unsatisfied judgments or pending suits against the Association. There are no pending suits material to the Condominium of which Declarant has actual knowledge.

14. EARNEST MONEY ESCROW.

Any earnest money deposit paid in connection with the purchase of a unit will be held in an escrow account until closing and will be returned to the buyer, together with any accrued interest, if the buyer cancels the purchase contract in accordance with Section 35-8A-408 of the Act. Wachovia Bank is the escrow agent and its mailing address and street address is 409 Madison Street, SE, Huntsville, Alabama 35801.

15. RESTRICTIONS ON THE LEASE AND SALE OF UNITS.

- (a) There are no restrictions on the sale of units in the Condominium, except a non-refundable contribution

to the working capital fund of the Association shall be paid to the Association by the buyer of a Unit at the closing of each sale of a Unit equal to two months' of the general assessment charged to such Unit.

- (b) Section 7.11 of the Declaration contains certain restrictions regarding leases. No lease is allowed unless an owner is current in the payment of all assessments. All leases shall be in writing and the Board may maintain and, upon request, provide a form that is deemed acceptable. The Owner must provide or make available to the lessee copies of the Declaration, Bylaws, and the rules and regulations. The Association does not have the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease. The rights of any tenants are 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.
- (c) Except for any restrictions contained in the Act and the Declaration, there shall be no restrictions on the amount for which a Unit may be sold or on the amount that may be received by a Unit owner on sale, condemnation, casualty loss to the Unit or to the Condominium or on the termination of the Condominium.

16. RESTRICTIONS ON USE.

The units shall be subject to certain use and occupancy restrictions, which are described more particularly in Sections 7.2, 7.3 and 7.4 of the Declaration. These restrictions include restrictions on the business use of units, signs, pets, parking, grilling, antennas and satellite dishes, window treatments, trash disposal and vehicle maintenance and repair.

17. CONDEMNATION, CASUALTY AND TERMINATION.

The amount that a unit owner may receive for a unit owner's property upon condemnation of all or part of the Condominium is determined by the Declaration in Article 10. In the event of casualty loss to a unit or the Condominium, the amount a unit owner may receive for such unit owner's property is determined by the Declaration in Article 9, a copy of which is set forth as Exhibit "1" to this Offering Statement. Upon termination of the Condominium, the amount that a unit owner may receive for such unit owner's property is determined by the Declaration in Article 11.

18. INSURANCE.

In accordance with Article 9 of the Declaration and Section 35-8A-313 of the Act, the Association shall obtain public liability and property damage insurance for Snug Harbor Retreat, a Condominium in an amount not less than required under the Act for the replacement of the buildings and other structures on the Condominium. Prior to the sale of the units, this insurance will be in place for Declarant, but will be transferred over to the Association and Declarant shall be reimbursed by the Association from the one-time start up fees for any prepaid premiums on said policies. The Association will also provide worker's compensation insurance and fidelity bonds for persons handling funds for the Association. A detailed explanation of insurance coverage provided by the Association for the unit owners is set forth in Article 9 of the Declaration, a copy of which is set forth as Exhibit "1" to this Offering Statement. The Condominium is not located in a flood zone.

The insurance in effect will cover at least the replacement costs of the building and all improvements upon the land (other than the foundation), including the units and the fixtures initially installed therein by

Declarant, in accordance with Declarant's original specifications, and all personal property of the Association included in the Condominium property. The Association's insurance will not cover the contents (furniture and other personal property of the owners), floor coverings, wall coverings and ceiling coverings, and does not include the following equipment if it is located within a unit and the unit owner is required to repair or replace such equipment: electrical fixtures, appliances, air conditioner or heating equipment, water heaters or built-in cabinets. Each Unit owner is obligated to obtain and maintain at all times insurance covering those portions of his or her unit to the extent not insured by policies maintained by the Association.

Notwithstanding the foregoing, the Chalet Unit owners must obtain multi peril type hazard insurance for Chalet Units and all improvements located thereon, covering at least the replacement costs of the building, all improvements upon the land compromising the Chalet Units (other than the foundation), and the fixtures. The Association will not provide hazard insurance for the Chalet Units or any improvements located thereon.

19. FEES.

Except for the general assessment to be levied against all units in accordance with the Declaration and the Act, there are no current or expected fees or charges to be paid by unit owners for the use of the common elements and other facilities related to the Condominium.

20. COMPLETION OF IMPROVEMENTS.

Declarant is not obligated to complete any improvements in accordance with Section 35-8A-416 of the Act. Declarant has not obtained the required financing to complete the Condominium improvements and no guaranty or representation is made that Declarant will obtain such financing. In such event, the Condominium improvements may not be constructed by Declarant.

21. ZONING.

The Condominium is located in Marshall County, Alabama and is not within the corporate limits of any municipality. The Condominium is not subject to any county or municipal zoning regulations.

22. AMENDMENTS.

Except in cases of amendments that may be executed by (a) Declarant under Section 35-8A-209(f) or 35-8A-210 of the Act, (b) 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 (c) 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, and except where a higher vote is required for any action under any provisions other than Section 12.2 of the Declaration, in which case such higher vote shall be necessary to amend such provision, the Declaration may be amended by the affirmative vote and written consent of the members of the Association holding 67% of the total Association vote.

No Amendment to the Declaration or any of the other any of the Condominium Documents (as defined in the Declaration) shall be adopted that would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted to the commercial units or the owner of any commercial unit, including the uses of the commercial units permitted pursuant to the Declaration, shall be effective without the written consent of the owners of all of the commercial units attached to and recorded with such amendment.

Until the later to occur of (a) Declarant no longer owns a unit in the Condominium for sale, (b) Declarant no longer has control of the board of Directors of the Association, or (c) ten years after the recording of the Declaration, no amendment to the Declaration or any of the other any of the Condominium Documents (as defined in the Declaration) shall be adopted that would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted to Declarant under the

Declaration, including the Development Rights and Special Declarant Rights reserved to the Declarant by the Declaration and by the Act, without the written consent of the Declarant.

Material amendments to the Declaration must be approved by eligible mortgage holders who represent at least 51% of the eligible mortgage holders.

Declarant or the Association, without the vote of the owners of units, may amend the Declaration to correct any scrivener's errors, comply with applicable state, city or federal law or to bring the Condominium and related documents into compliance with the applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae").

24. DEVELOPMENT RIGHTS.

The Condominium is subject to Development Rights and Special Declarant Rights as set forth in Article 15 of the Declaration, which include but are not limited to the right to create additional Units and Limited Common Elements from Common Elements upon the filing of an amendment to the Declaration.

Declarant reserves the right to use the Common Elements in connection with the construction and development of any subdivision of Units, create Units, Common Elements or Limited Common Elements within the Condominium, and to subdivide Units or convert Units into the Common Elements. The Development Rights and Special Declarant Rights shall cease and terminate on the fifteenth anniversary from the date of the recording of the Declaration in the Office of Probate of Marshall County, Alabama. The number of Units shall not exceed 110. The Declarant reserves the right to create a maximum of 92 A, B, C and D Units and 18 Chalet Units with a maximum number of 20 Units per acre. In accordance with Alabama law, the improvements contemplated to be constructed "NEED NOT BE BUILT."

Declarant makes no assurances that any Development Right reserved by Declarant shall actually be exercised by Declarant. Any assurances made by Declarant do not apply in the event that any Development Right is not exercised by Declarant. Declarant makes no assurances that any improvements will be compatible or will not be compatible with any existing building or improvement of the Condominium in terms of size, layout and location, quality of construction material, or architectural style. Nor does Declarant make any assurances that any restrictions affecting use, occupancy, sale or lease of a Unit will be compatible or will not be compatible with any restrictions affecting Units in any future phase or that any restrictions in the Declaration affecting use, occupancy and sale or lease of Units will apply to Units created pursuant to any Development Right reserved by Declarant. Declarant represents that the minimum allocated interest of any Unit created by the exercise of any Development Right shall not be less than 0.09%. Declarant makes no assurances that any Limited Common Element created pursuant to a Development Right will be of the same general types and sizes as the Limited Common Elements within the other parts of the Condominium. Declarant makes no assurance that the proportion of Limited Common Elements created pursuant to any Development Right reserved by Declarant will be approximately equal to the proportion existing within other parts of the Condominium. Declarant makes no assurance as to any limitations on the locations of any building or other improvement that may be made within any part of the Condominium pursuant to any development right reserved by Declarant. No assurance is made that all restrictions in the Declaration affecting use, occupancy and sale or lease of units will apply to units created pursuant to any development right reserved by the Declarant.

The right to the exercise of Development Rights is solely determined by Declarant. Nothing in this Offering Statement is to be interpreted as requiring Declarant to exercise any reserved Development Rights. A PURCHASER SHOULD READ ARTICLE 3 AND 15 OF THE DECLARATION REGARDING DEVELOPMENT RIGHTS.

25. TIME SHARES.

The Declaration does not provide for the ownership or occupancy of any units in time shares.

26. TRANSFER OF UNITS SUBJECT TO LEASE.

THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

Declarant's plan does not include a program of leasing units rather than selling them, except that Declarant may lease units pending their sale; provided that no unit will be transferred subject to a lease unless it is the specific request and desire of a buyer, who does not occupy the unit, that he be permitted to purchase a tenant-occupied unit.

27. LIEN RIGHTS OF THE ASSOCIATION.

THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS BY THE ASSOCIATION. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN AND THE UNIT OWNER'S OWNERSHIP INTEREST IN THEIR UNIT MAY BE TERMINATED. See Section 5.11 in the Declaration, a copy of which is set forth as Exhibit "1" to this Offering Statement.

28. SEWER SERVICE.

Sewer service will be provided to the Condominium by Southwest Water Alabama Onsite System Services, LLC ("Southwest") pursuant to the terms of a Sewer Service Agreement between the Declarant and Southwest. A copy of the draft Sewer Service Agreement is set forth as Exhibit "10" to this Offering Statement and describes the fees to be charged by and services to be performed by Southwest as well as all easements to be conveyed to Southwest. The final terms of this Sewer Service Agreement including all fees to be charged for such sewer service may be different from the terms contained in the attached draft Sewer Service Agreement, and the Declarant reserves the right to negotiate terms which may differ from the terms in the draft Sewer Service Agreement.

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EXHIBIT "1"
DECLARATION

EXHIBIT “2”
ARTICLES OF INCORPORATION

EXHIBIT “3”
BYLAWS

EXHIBIT “4”
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 "5"
PURCHASE CONTRACT AND ESCROW AGREEMENT FOR
SNUG HARBOR RETREAT, A CONDOMINIUM

EXHIBIT "6"

LIMITED WARRANTY FOR RESIDENTIAL UNITS ONLY

This Agreement made this _____ day of _____, 200____, by and between SNUG HARBOR RETREAT, LLC, an Alabama limited liability company ("Seller"), and _____ ("Buyer").

The Buyer has purchased, or will purchase, Residential Unit _____ in Snug Harbor Retreat, A Condominium located in Marshall County, Alabama from Seller. In consideration of this purchase, Seller does hereby agree to give a limited warranty on the Residential Unit purchased by Buyer for a period of one year following closing or occupancy by the Buyer, whichever event shall first occur, upon the following terms and conditions:

1. Not later than 30 days after closing or occupancy, whichever event shall first occur, the Buyer shall deliver a written list of any minor omissions or malfunctions not previously made known in writing to the Seller. To the extent that such items are the responsibility of Seller or not otherwise excluded hereunder, corrections or adjustments will be made by the Seller.
2. Seller warrants the Residential Unit to be free from latent defects for a period of one year following closing or occupancy, whichever event shall first occur.
3. A latent defect in construction is herein defined as a defect not apparent at time of occupancy or closing, but which becomes apparent within one year from date of closing or occupancy, whichever event shall first occur, and such defect has been directly caused by Seller's failure to construct in accordance with the standards of construction prevailing in the geographical area of the Residential Unit. It is understood, however, by Buyer that normal characteristic behavior of building materials, wear and tear, general maintenance, and like items, will not constitute a latent defect.
4. All latent defects must be described in writing and delivered to Seller within the one year period described herein.
5. Seller does not assume responsibility for any of the following, all of which are expressly excluded from this Limited Warranty:
 - (a) defects in appliances and pieces of equipment which are covered by manufacturer's warranties;
 - (b) incidental, consequential, or secondary damages caused by a breach of this warranty;
 - (c) defects which are the result of characteristics common to the materials used, such as, but not limited to: warping and deflection of wood; mildew and fading; chalking and checking of paint due to sunlight; cracks due to drying and curing of concrete, stucco, plaster, bricks, and masonry; drying, shrinking and cracking of caulking and weather stripping;
 - (d) conditions resulting from condensation on, or expansion or contraction of materials;
 - (e) defective design or materials supplied by the Buyer or installed under the Buyer's(s') direction, or defects in, or caused by anything not built into or installed in the Unit pursuant to the Purchase Contract between Declarant and the Buyer;

- (f) damages due to ordinary wear and tear, abusive use, or lack of proper maintenance of the Residential Unit; and
- (g) chips, scratches, or mars in tile, woodwork, walls, porcelain, brick, plumbing fixtures, formica and glass not expressly identified to the Seller prior to closing.

6. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE LIMITED WARRANTY PROVIDED BY THE SELLER TO THE BUYER OF A RESIDENTIAL UNIT DOES NOT COVER ANY APPLIANCE, PIECE OF EQUIPMENT, OR ITEM WHICH IS A CONSUMER PRODUCT FOR PURPOSES OF THE MAGNUSON-MOSS WARRANTY ACT (15 U.S.C., §§2301 THROUGH 2312). THE LIMITED WARRANTY PROVIDED BY THE SELLER TO THE BUYER IS GIVEN IN LIEU OF ANY AND ALL OTHER WARRANTIES, EITHER EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY WHICH ARE SEPARATELY DISCLAIMED.
7. This warranty is extended only to the Buyer named herein. It is not transferable to subsequent buyers of the Unit.
8. Should any term of this Agreement be determined by a court of competent jurisdiction to be unenforceable, such determination shall not affect the enforceability of the remaining provisions.
9. This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.
10. Any dispute between Seller and Buyer shall be finally settled by arbitration conducted expeditiously in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") 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. 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 Huntsville, Alabama. 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THIS DOCUMENT CONTAINS A DISCLAIMER OF WARRANTIES IN PARAGRAPH 6. YOU SHOULD READ THIS DOCUMENT CAREFULLY BEFORE YOU SIGN.

“SELLER:”

SNUG HARBOR RETREAT, LLC

By: _____

Name: _____

Title: _____

“BUYER:”

Printed Name: _____

EXHIBIT "7"

CONTRACTS SUBJECT TO CANCELLATION

The Management Agreement between Snug Harbor Retreat Condominium Association, Inc. and Steve Kincer, CPA, P.C. dated _____, 2007. A complete copy of this agreement is available from the Declarant upon request.

EXHIBIT “8”
PROJECTED OPERATING BUDGET
Snug Harbor Retreat Condominium Association, Inc.

The budget for the Units was prepared by Jeremy R. Carter, of the firm Steve Kincer, CPA, P.C.
The budget for the Units assumes an occupancy rate of 100%.

EXHIBIT “9”
OTHER COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATIONS

The following is a list of easements, liens and restrictions affecting title to the Condominium:

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.

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

All ad valorem taxes and assessments.

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

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

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

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

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.

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.

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

The Declaration and the Articles of Incorporation of the Association to be recorded upon completion of the Condominium, as well as the Association’s Bylaws and Rules and Regulations.

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

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.

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.

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.

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.

Right-of-way for Snug Harbor Road and a right-of-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.

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

That certain Mortgage executed by Snug Harbor Retreat, LLC to Wachovia Bank, National Association, dated 09/21/07 and filed of record in Volume 4348 Page 181 in the Probate Office of MARSHALL County, Alabama. Units will be released from such mortgage as Units are conveyed to purchasers.

Any mortgage executed by Snug Harbor Retreat, LLC to a lender for development financing which may be granted with regard to the Condominium. Units will be released from such mortgage as Units are conveyed to purchasers.

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.

All recording references are to the records in the Office of the Judge of Probate, Marshall County, Alabama.

EXHIBIT "10"
COPY OF SEWER SERVICE AGREEMENT