

Declaration of Covenants and Conditions DONAHUE RIDGE SUBDIVISION

This Declaration of Covenants, Conditions and Restrictions is made this _____ day of December, 2009, by Edgar Hughston Builder, a Georgia corporation (hereinafter referred to as "Developer").

WITNESSETH:

WHEREAS, Developer is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference and is generally known as the Donahue Ridge Subdivision; and

WHEREAS, Developer desires to provide for the preservation and enhancement of the property values in the Donahue Ridge Subdivision and for the maintenance of property and improvements therein, and to this end desires to subject the residential real property described in Exhibit "A" to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which are for the benefit of said property and each owner thereof; and

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values in the Donahue Ridge Subdivision to create an agency to which should be delegated and assigned the powers of owning, maintaining and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer will cause to be incorporated under the laws of the State of Alabama, the Donahue Ridge Homeowners Association, Inc., a non-profit corporation, for the purpose of exercising the aforesaid functions.

NOW THEREFORE, Developer declares that the real property described in Exhibit "A" and any additional property as may by subsequent amendment be added to and subjected to this Declaration shall be held, transferred, sold, mortgaged, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth for the purpose of protecting the value, desirability, and aesthetically pleasing atmosphere of and which shall run with the real property submitted to the Declaration.

ARTICLE I

DEFINITIONS

Section 1. "Architectural Control Committee" shall mean and refer to **EDGAR HUGHSTON** and **JACK HUGHSTON** other individuals appointed from time to time by the

Developer.

Section 2. "Area Of Common Responsibility" shall mean and refer to the Common Area, together with those areas, within Donahue Ridge Subdivision, if any, which by contract with any person or other legal entity becomes the responsibility of the Association.

Section 3. "Association" shall mean and refer to the Donahue Ridge Home Owners Association, Inc., an Alabama nonprofit corporation.

Section 4. "Association Properties" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter designated by Developer as Association Properties or held for the common use and enjoyment of the Owners. All Association Properties are to be devoted to or intended for the common use and enjoyment of the Owners, their families, guests of the Owners, or persons occupying residential accommodations of Owners on a guest or tenant basis.

Section 5. "Board Of Directors" or "Board" shall mean and refer to the elected body of the Association using its normal meaning under Alabama corporate law.

Section 6. "By-Laws" shall mean and refer to the By-Laws of the Donahue Ridge Home Owners' Association, Inc., as amended.

Section 7. "Common Areas" means those portions of Exhibit "A" property which are or become, pursuant to the Declaration and any Addendum, Property of the Donahue Ridge Home Owners' Association, Inc.

Section 8. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration and the By-Laws and Articles of Incorporation of the Association. These may be used for the purpose of maintaining and improving area(s) of common responsibility promoting the recreation, health, safety, welfare, common benefit and enjoyment of the homeowners of the Donahue Ridge Subdivision.

Section 9. "Community-Wide Standard" shall mean and refer to the standard of conduct, building standard, maintenance, or other activity generally prevailing in the Donahue Ridge Subdivision. Such standard may be more specifically determined by the Board.

Section 10. "Declaration" shall mean and refer to the Covenants, Conditions, Restrictions and Easements and all other provisions herein set forth in this entire document, as may from time to time be amended.

Section 11. "Developer" shall mean and refer to Edgar Hughston Builder, Inc., a Georgia corporation, or any successor in title or any successor in interest to Edgar Hughston Builder, Inc., to all or any portion of the Property then subject to this Declaration.

Section 12. "Lot" shall mean and refer to any improved or unimproved parcel of land located

within the properties which is used or intended for use as a site for a single family dwelling and which is shown on any recorded plat of any part of the properties or any expansion thereof by Developer.

Section 13. "Member" shall mean and refer to a person or entity entitled to membership in the Association as provided herein.

Section 14. "Mortgage" shall mean and refer to a deed to secure debt and a deed of trust, as well as a mortgage.

Section 15. "Mortgagor" shall mean and refer to the trustor of a deed of trust and the grantor under a deed to secure debt, as well as a mortgagor.

Section 16. "Owner" shall mean and refer to the record owners, whether one or more Persons or entities, of any Residential Lot which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

Section 17. "Parcel" shall mean and refer to separately designated, residential areas comprised of various types of housing and undeveloped residential Lots initially or by amendment made subject to this Declaration. In the absence of a specific designation of separate Parcel status, all property made subject to this Declaration shall be considered a part of the same Parcel; provided, however, the Developer may designate in any subsequent amendment adding property to the terms and conditions of this Declaration that such property shall constitute a separate Parcel of Parcels. Any amendment creating a Parcel shall set out the rights and obligations of the Association and of all Owners of Residential Lots in a Parcel, which rights and obligations are provided for herein.

Section 18. "Person" shall mean and refer to a natural person, corporation, partnership, Association, trust or other legal entity, or any combination thereof.

Section 19. "Plat" shall mean and refer to that certain Plat of Survey prepared by _____ recorded in Plat Book _____, Page _____ in the Office of the Judge of the Probate Court of Lee County, Alabama, and any revision thereto approved and recorded by Developer in the Office of the Judge of the Probate Court of Lee County, Alabama.

Section 20. "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto and shall further refer to such additional property as may hereafter be annexed by amendment to this Declaration or which is owned in fee simple by the Association.

Section 21. "Residential Lot" shall mean and refer to any portion of the Properties intended for any type of independent ownership for use and occupancy as a residence by a single household and shall, unless otherwise specified, include within its meaning (in way of illustration, but not limitation) single family detached houses, and undeveloped Lots intended for single family detached houses, patio or zero Lot line homes, as may be developed, used, and defined, as herein provided or as provided in subsequent Declarations covering all or a part of the Properties. For the purpose of this Declaration, Residential Lot shall come into existence upon the date that a plat showing said Residential Lot is recorded in the Office of the Lee County Probate Judge.

Section 22. "Structure" shall mean and refer to: (i) any thing or object the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building, or part thereof, garage, barn, porch, deck, gazebo, shed, treehouse, greenhouse or bathhouse, coop or cage, screening, enclosures, covered or uncovered patio, swimming pool, tennis court, fence, curbing, paving, wall, tree, shrub, sign, signboard, mailbox, driveway, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Lot; (ii) any excavation, grading, fill, ditch, diversion dam or flow of surface waters from, upon or across any Lot, or which artificial creek, stream, wash or drainage channel from, upon or across any Lot; and (iii) any change in grade at any point on a Lot of more than six (6) inches, whether or not subsection (ii) of this Section 21 applies to such change.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot who is subject to this Declaration shall be a mandatory member of the Association. The foregoing is not intended to include persons of entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to this Declaration and shall pass automatically to an Owner's successor-in-title to the Lot. No Owner, whether one or more Persons, shall have more than one (1) membership per Residential Lot owned. In the event of multiple Owners of a Residential Lot, votes and rights of use enjoyment shall be as provided herein.

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

a.) Class A. Class "A" Members shall include all Owners of Residential Lots with the exception of the Class "B" Members. Members shall be entitled on all issues to one (1) vote for each Residential Lot in which they hold the interest required for membership by Section 1 hereof, there shall be only one (1) vote per Residential Lot. When more than one Person holds such interest in any Residential Lot, the vote for such Residential Lot shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Residential Lot's vote shall be suspended in the event more than one Person seeks to exercise it.

b.) Class B. Class "B" shall be the Developer and any successor of Developer. The Class "B" Member shall originally be entitled to 28 votes; this number shall be decreased one (1) vote for each Class "A" Member existing at any one time. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

when the total outstanding Class "A" votes equal or exceed 27;

January 1, 2012;
when, in its discretion, the Developer so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one (1) vote for each Residential Lot in which the interest required for membership under Section 1 hereof is held. At such time, the Developer shall call a meeting, as provided in the By-Laws for special meetings, to advise the membership of the termination of Class "B" status.

ARTICLE III

ARCHITECTURAL STANDARDS

The Donahue Ridge Subdivision has been designed to provide a high quality environment for property owners. This Declaration, the design guidelines, the use restrictions, and the Association are the means of achieving high standards of quality. All those associated with or impacted by these covenants and the Association benefits from the maintenance of the highest design and operation standards.

This Declaration indicates that development and maintenance standards have been established and will be in effect throughout the Bechet Woods Subdivision's economic life. These covenants are the basic principles that protect the values of all Bechet Woods Subdivision Home Owners.

All property that is now or may hereafter be subject to this Declaration is subject to architectural and environmental review. This review shall be in Accordance with this Article and such other standards as may be promulgated by the Board, or the Architectural Control Committee. The Board shall have the authority and standing on behalf of the Association to enforce in courts of competent jurisdictions decisions of either Committee.

Section 1. Purpose, Powers and Duties of the Architectural Control Committee. The purpose of the Architectural Control Committee is to assure that the installation, construction or alteration of any Structure on any Lot is in Accordance with the standards determined by the Architectural Control Committee. To the extent necessary to carry out such purpose, the Architectural Control Committee shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in purpose, including without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Lot. So long as Developer holds title to any property described in Exhibit "A" for sale in the ordinary course of business, the Developer shall appoint the members of the Architectural Control Committee which shall consist of no less than two (2), nor more than four (4) members, none of whom shall be required to be Owners or occupants in Donahue Ridge. This provision may not be amended without Developer's written consent, so long as Developer owns any property described in Exhibit "A."

Section 2. Construction, Review and Approval. No exterior construction, alteration, addition or erection of or to a structure of any nature whatsoever shall be commenced or placed upon any part of the

properties, except such as is installed by the Developer, or as is approved in Accordance with this section, or as is otherwise expressly permitted herein. No exterior construction, addition, erection or alteration shall be made unless and until the plans and specifications showing the nature, kind, shape, and height, materials and location shall have been submitted in writing to the Architectural Control Committee. Such plans and specifications shall be in such form and shall contain such information as may be reasonable required by the Architectural Control Committee including where applicable, and without being limited to the following:

A site plan showing the location of all proposed and existing Structures on the Lot including building setbacks, open space, driveways, walkways, and parking spaces including the number thereof and all siltation and erosion control measures;

A foundation plan;

A floor plan;

Exterior elevations of all proposed Structures and alterations to existing Structures, as such Structures shall appear after all backfilling and landscaping are completed;

Specifications of materials, color scheme, lighting scheme and other details affecting the exterior appearance of all proposed Structures and alterations to existing Structures; and

Plans for landscaping and grading.

Section 3. Procedures. The Architectural Control Committee may promulgate standards and procedures governing its areas of responsibility and practice. Such standards and procedures may be modified or deleted without the consent of any Owner. If the Committee fails to approve or to disapprove plans submitted to it pursuant to the standards and procedures promulgated by the Committee or to request additional information reasonably required within ninety (90) days after submission, the plans shall be deemed approved.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Member's Easement of Enjoyment. Subject to the provisions herein, every owner shall have a right and easement of enjoyment in and to the Common Areas (including, without limitation, the right of pedestrian, but not vehicular access, ingress and egress to and from his Lot over those portions of the Association Properties from time to time designated for purposes) subject to any restrictions or limitations contained in this Declaration or the By-Laws. In addition, this right and easement shall be subject to any restrictions or limitations contained in any deed conveying the Common Area to the Association. This right and easement shall also be subject to any restrictions or limitations contained in any amendment to the Declaration subjecting the Common Area to this Declaration. The right and easement shall be appurtenant to and shall pass with title to every Lot, subject to the following:

The right of the Association to adopt and publish rules and regulations governing the use of the Association Properties.

The rights of the Association to borrow money for the purpose of improving the Association Properties or any portion thereof, or constructing, repairing or improving any facilities located or to be located thereon, and, upon the assent of two-thirds of the Class "A" members and the Class "B" members, if any, to give as security a mortgage conveying all or any portion of the Association Property. The lien and encumbrance of any such mortgage, however, shall be subject and subordination to all rights, interest, easements and privileges herein reserved or established for the benefit of Developer, any Owner, or the holder of any mortgage, irrespective of when executed, given by Developer.

The right of the Association to dedicate or transfer all or any part of the Association Properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members, agreeing to such dedication or transfer, has been recorded.

The easements reserved in Article XI of this Declaration.

Section 2. Declaration of Use. Any Owner may delegate, in Accordance with the By-Laws, his right of use and enjoyment in and to the Association Properties, the improvements thereon to the members of his family, his tenants, guests and invitees, subject to such regulations and fees as may be established from time to time by the Association.

Section 3. Title to Association Properties. Notwithstanding any provisions to the contrary herein, title to the Association Properties will be conveyed to the Association by the Developer after all Lots placed for sale by the Developer have been sold or at such earlier time as the Developer may elect, and only at such time shall the Association have the right to control said Association Property subject to the terms herein. Prior to that time, the Developer shall control the Association Properties.

Developer may place a provision in the deed which provides that title to the subject property will revert to the Developer if the property ceases to be used as an Association Property for the benefit of the Association.

Section 4. No Partition. There shall be no judicial partition of the Property or any part thereof, nor shall any Person acquiring any interest in the Property or any part thereof seek any judicial partition unless the Property has been removed from the provisions of this Declaration. Additionally, no Lot shall be split, divided or otherwise conveyed in part, unless the Architectural Control Committee first approves the same in writing. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring title to or disposing of real property that may or may not be subject to this Declaration.

ARTICLE V USE

RESTRICTIONS

The Properties shall be used only for residential, recreational, and related purposes as may more particularly be set forth in this Declaration, amendments thereto, or subsequently recorded Declarations creating Residential Associations subject to this Declaration. The Association, acting through the Board, shall have standing and the power to enforce use restriction contained in any such Declaration as if such provision were a regulation of the Association.

The Board may, from time to time, promulgate, modify, and delete regulations and use restrictions governing the use of Residential Lots, Parcels and the Common Area and the facilities thereon, including the imposition of reasonable user fees for the Common Areas and facilities thereon. In the discretion of the Board, members of the Property Owners' Association and their designees may use the Common Area and facilities thereon, subject however, to the rules and fees as the Board may promulgate and require, in addition, when, in its sole discretion, the Board determines it to be in the best interest of the development, the Board may authorize special use groups such as, for example, but not limited to a rowing club, boating club, girl scouts, boy scouts, civic group or church organization and may delegate some rule making and enforcing power to such groups for their limited purposes. The board may except such groups from use restrictions promulgated by the Board under this Article which would otherwise be applicable to such groups.

ARTICLE VI

CONDEMNATION

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on its behalf or on the written direction of all Owners of Residential Lots subject to the taking, if any) by any authority having the power of condemnation or eminent domain, the Association shall represent the Owners. The award made for such taking shall be payable to the Association, as Trustee for all Owners and Mortgagees, as their interests may appear.

ARTICLE VII

ANNEXATION OF ADDITIONAL CONTIGUOUS PROPERTY

Section 1. Annexation of Contiguous Property Without Approval of Class "A" Membership. As the Owner thereof, or if not the Owner, with the consent of the Owner, thereof, Developer shall have the unilateral right, privilege, and option, from time to time at any time until twenty-five (25) years from the date this Declaration is recorded in the Lee County Land Records to subject any additional real property contiguous to property previously subjected to this Declaration to the provisions of this Declaration and the jurisdiction of the Association by filing in Lee County, Alabama Records, an amendment annexing such property. Such amendment to this Declaration shall not require the vote of

Members. Any such annexation shall be effective upon the filing for record of such amendment, unless otherwise provided therein. For purpose of this section, contiguous property means property that actually touches property previously subjected to this declaration or that is separated from such property only by the right-of-way of a state or county road.

Section 2. Annexation with approval of Class "A" Membership. Subject to the written consent of the Owner thereof, upon the written consent or affirmative vote of a majority of the Class "A" Members, other than Developer, of fee Association present or represented by proxy at a meeting duly called for such purpose, and of the Developer, the Association may annex real property, contiguous to property previously subject to this Declaration by filing for record in the Lee County, Alabama, Records a supplementary amendment in respect to the property being annexed.

Section 3. Conveyance Of Common Area. The Developer may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold or other property interest that is or may be subjected to the terms of this Declaration. Such conveyance shall be accepted by the Association, and the property shall thereafter be maintained by the Association for the benefit of all or a part of its Members. This Section shall not be amended without the consent of Developer so long as the Developer owns any property described in Exhibit "A."

ARTICLE VII

MAINTENANCE

Section 1. Association Responsibility. Except as otherwise provided for herein, the Association shall maintain and keep in good repair all portions of fee Association Property and improvements thereon. The Association's responsibility with respect to the Association Property shall be deemed to include the maintenance, repair and replacement of (i) all road, driveways, walks, parking areas and buildings and other improvements situated within the Association Property, (ii) such utility lines, pipes, plumbing, wires, conduits and systems which are a part of the Association Property, and (iii) all lawns, trees, shrubs, hedges, grass and other landscaping situated within or upon the Association Property.

The Association may, in the discretion of its Board, assume part or all of fee maintenance responsibilities for any parcel or Residential Lot. In such event, all costs of such maintenance shall be assessed against those Members having an ownership interest in the Parcel or Residential Lot maintained. The assumption of this responsibility may take place either by the execution of an amendment to this Declaration by Developer, by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard; provided, however, no such action shall be taken without giving the affected Owner of the affected Residential Lot fifteen (15) days written notice and an opportunity to perform maintenance necessary to comply with the Community-Wide Standard. The provision of services in Accordance with this Section shall not constitute discrimination within a class.

Section 2. Owner's Responsibility. Each Owner shall keep and maintain each Lot owned by him, as well as all landscaping located thereon, including the right of way, in good condition and repair, including but not limited to (i) repairing and painting (or other appropriate external care) of all Structures; (ii) the pruning and trimming of all trees, hedges and shrubbery so that the same are not obstructive of a view by motorists or pedestrians of street traffic. If, in the opinion of the Board, any Owner shall fail to perform the duties imposed by this Section, the Board shall take actions described in Section 1 herein.

ARTICLE VIII

RIGHTS & OBLIGATIONS OF ASSOCIATION

Section 1. The Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto), and shall keep it in good, clean, attractive and sanitary condition, order and repair, pursuant to the terms and conditions hereof.

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property.

Section 3. Rules and Regulations Sanctions; Enforcement. The Association, through its Board, may make and enforce reasonable rules and regulations governing the use of the Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Declaration and the By-Laws.

Each Owner shall comply strictly with the By-Laws, the rules and regulations, and with the covenants, conditions and restrictions set forth in this Declaration, any and all survey restrictions, and in the deed to his or her Residential Lot, if any, as any of the foregoing may be lawfully amended from time to time.

If an Owner does not comply with the Declaration, By-Laws or rules and regulations, the Board may impose sanctions, which may include suspension of the right to vote and the right to use the Common Area and reasonable monetary fines, which shall constitute a lien upon the Owner's Residential Lot and which may be collected as provided herein for the collection of assessments.

Failure to comply with this Declaration, the By-Laws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Residential Lot or any portion of the Common

Area to abate or remove, using such force as may be reasonably necessary, any thing or condition which violates this Declaration, the By-Laws or the rules and regulations. The Boards shall give the violating Owner ten (10) days written notice of its intent to exercise self-help. All costs of self-help including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

Section 4. Additional Powers of the Association. In addition to the Rules and Regulations referenced above and throughout this Declaration, the Association shall have the following powers:

- (a) To fix and to collect assessments or other charges to be levied against the Lots and/or Lot Owners; and,
- (b) To manage, control, operate, maintain, repair and improve the Common Area(s) and any facilities located thereon, and property subsequently acquired by the Association, or any property owned by another, for which the Association by rules, regulation, the Declaration or contract has a right or duty to provide such services; and,
- (c) To enforce covenants, conditions or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or By-Laws; and,
- (d) To engage in activities which will actively foster, promote and advance the common interests of all Lot Owners in the Development; and
- (e) To buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal in and with real, personal and mixed property of all kinds and any right or interest therein for any purposes of the Association; and,
- (f) To borrow money for any purpose except as may be limited in the Declaration or By-Laws; and,
- (g) To enter into, make, perform or enforce contracts of every kind and description, and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation or other entity or agency, public or private; and,
- (h) To act as agent, trustee or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interest in such corporations, firms or individuals;
- (i) To adopt, alter and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, that such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration.

Section 5. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot, by Acceptance of a deed thereof; whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association: (i) annual assessments, and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, including reasonable attorneys fees, shall be a charge and a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof, including reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose Of Assessments. The assessments levied by the Association shall be used exclusively for promoting the health, safety, pleasure and welfare of the Owners of the Lots and costs and expenses incident to the operation of the Association, including without limitation the maintenance and repair of the Association Properties and improvements thereon, the maintenance of services furnished by the Association, the purchase of insurance by the Association, the repair and replacement of improvements on the Association Property, payment of all taxes, payment of any mortgage or other loan, insurance premiums and all costs and expenses incidental to the operation and administration of the Association, and establishment and maintenance of a reasonable reserve fund or funds.

Section 3. Computation of Annual Assessments. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated common expenses of operating the Association for the coming year, such budget to include a capital contribution or reserve Account in Accordance with the capital needs of the Association. The budget and the proposed annual assessments to be levied against each Lot shall be delivered to each Owner no later than ten (10) days prior to such annual meeting. The annual assessments shall be equally divided among the Lots so that the annual assessments shall be the same for each Lot. The budget and the annual assessments shall become effective unless disapproved at the annual meeting by either (i) Developer, so long as there is a Class B member, or (ii) a vote of a majority of the Owners voting in person or by proxy at such meeting on the date when there is no longer a Class B member. In the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then until a budget has been determined as provided herein, the budget and annual assessments in effect for the then current year shall continue for the succeeding year. If any budget at any time proved inadequate for any reason, the Board may call a meeting of the

Association for the approval of a special assessment.

Section 4. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for common expenses, applicable to that year only, provided that any such assessments shall have the assent of two-thirds (2/3) of the votes of the members of each class voting in person or by proxy at a meeting duly called for such purposes.

Section 5. Notice for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 above shall be sent to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting.

Section 6. Rate of Assessment. Annual and special assessments must be fixed at a uniform rate for all Lots. During the three (3) year period ending on the third anniversary of the date of the filing of this Declaration, assessments attributable to any one Lot shall not exceed \$75.00 per year, so long as there is a Class B member.

Section 7. Date of Commencement of Annual Assessments; Due Dates. Developer shall establish when Assessments are to commence and the due date of each annual assessment. Anything contained herein to the contrary notwithstanding, Developer on behalf of itself and its successors and assigns, covenants and agrees to pay the annual assessments for each Lot owned by Developer which contains an occupied residence; provided however, Developer shall not be responsible for assessments on Lots not containing an occupied residence. The due dates shall be established by the Developer until such time as there is no longer a Class B member. Upon demand, and for a reasonable charge, the Association shall furnish a Certificate signed by an Officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed Certificate of the Association as the status of assessments on a specified Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; remedies of the Association. Any assessments that are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum legal rate per annum. In such case, the Association may Accelerate, at its option, the entire unpaid balance of the assessment and may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such Owner, by his Acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such, charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of liens against real property, including foreclosure by an action brought in the name of the Association in like manner as a mortgage foreclosure on real property, and such Owner hereby expressly grants to the Association in connection with the foreclosure the irrevocable power of attorney to sell the said Lot subject to the aforesaid lien at the usual place for conducting sales at the courthouse in Lee County, Alabama, to the highest bidder for cash, after advertising the time, terms and place of said sale once a week for four (4) weeks immediately preceding such sale in the paper in which the Sheriff's advertisements for Lee County, Alabama are published. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. The bid for

the interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Association Properties, abandonment of his Lot or by renunciation of membership in the Association. An Owner may give to the Association, nevertheless, subject to Acceptance thereof by the Association, a deed in lieu of foreclosure. If an assessment is not paid on or before the date when due, the Association may also suspend the voting rights and right to use any Association Properties of such delinquent member. Any such suspension shall not affect such member's obligation to pay assessments coming due during the period of such suspension and shall not affect the permanent charge and lien on such member's Lot in favor of the Association.

Section 9. Subordination of the Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any purchase money security deed representing a first lien on said property. Sale or transfer of any Lot shall not affect the assessment lien.

However, the sale or transfer of any Lot pursuant to foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer pursuant to foreclosure or any proceeding in lieu thereof shall relieve such Lots from liability for any assessments thereafter becoming due or from the lien thereof

Section 10. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (i) all properties to the extent of any easement or other interest therein dedicated and Accepted by the local public authority and devoted to public use; (ii) all Association Properties; (iii) all properties exempted from taxation by state or local governments upon the terms and to the extent of such legal exemption; (iv) any Lot owned by the Developer which does not contain an occupied residence. Notwithstanding any provisions herein, no land or improvement devoted to dwelling use shall be exempt from said assessments, charge or liens except Lots owned by the Developer not containing an occupied residence.

ARTICLE X

INSURANCE

The Association's Board of Directors or its duly authorized agent shall have the authority to obtain insurance.

The Association or its duly authorized agent shall have the authority to and shall obtain insurance for all improvements on the Common Areas against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief, in amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction for many such hazard and shall, also, obtain a public liability policy covering the Common Areas and all damage or injury caused by negligence of the Association or any of its agents. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association and all policy shall be for the benefit of the Association and its mortgagees, if any, as their interest may appear.

ARTICLE XI

EASEMENTS

Section 1. Utility Easements. There is hereby created in favor of the Association an easement upon, across, over, through and under all of the Association Property for ingress, egress installation, replacement, repair and maintenance of all utility and service lines and systems, including but not limited to water, sewers, gas, telephones, electricity, television cable or communication lines and systems. An easement is further granted to the Association, its officers, agents, employees and any management company retained by the Association, to enter in or to cross over the Association Property and the Lots, to inspect and to perform the duties of maintenance and repair to the Association Property and the Lots, as provided herein. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines or other utilities may be installed or relocated on the Property except as initially programmed and approved by the Developer or thereafter approved by Developer or the Board. Should any utility furnishing a service covered by the general easement herein provided, Developer or the Association shall have the right to grant such easement on the Association Property without conflicting with the terms hereof

Section 2. Easement for Developer. Developer hereby reserves for itself, its successors and assigns, the following easements and rights-of-way, on, over, under and through the Property and the Association Property for so long as Developer owns any Lot primarily for the purpose of sale:

For the erection, installation, construction and maintenance of wires, lines and conduits, and necessary or proper attachments in connection with the transmission of electricity, gas, water, telephone, community antenna, television cables and other utilities.

For the construction of improvements on the Lots;

For the installation, construction and maintenance of storm-water drains, public and private sewers, and for any other public or quasi-public utility facility;

For the use of the Association Property and any sales offices, model units, marketing signs and parking signs in connections with its efforts to market Lots;

For the maintenance of such other facilities and equipment as in the sole discretion of Developer may be reasonably required, convenient or incidental to the completion, improvement and sale of Lots;

Public or Private road access to adjoining properties.

Section 3. Easements for Association. There shall be a general right and easement for the benefit of the Association, its directors, officers, agents and employees, including any management company retained by the Association, to enter upon the Association Property and the Lots to perform their respective duties.

There is hereby created in favor of the Association an easement upon, across, over and through those areas designated as "Pathway Easement" on the Plat. Said easement may be used only for pedestrian Access, subject to the right of the Association, with the Developer's consent, to designate the kind of Access allowed and the kind of Access not allowed on any portion of the Pathway Easement. Additionally, the Developer shall have the right at any time to terminate all or any portion of the easement rights reserved in favor of the Association under the paragraph should the Developer so desire, and/or to relocate the Pathway Easement upon other property owned by the Developer

There is hereby created in favor of the Association an easement upon, across, over and through the area designated as "Landscape Easement" on the Plat. Said easement is granted so as to provide the Association with the right to install and maintain landscaping over the easement area.

ARTICLE XII

GENERAL COVENANTS AND RESTRICTIONS

The following covenants and restrictions shall apply to all Lots and to all Structures erected or placed thereon:

Section 1. Residential Use. All Lots shall be restricted to residential use. Developer shall have the right to use one or more Lots for public or private road Access to adjoining properties.

Section 2. Association Properties. The Properties shall be comprised of those areas designated as such in Article I, Section 19, hereof.

Section 3. Signs No signs shall be installed, altered or maintained on any Lot or Structure visible from the exterior except:

Signs required by legal proceedings.

Not more than one "For Sale" sign. Such sign shall not be more than four (4) square feet in area "For Rent" signs are not allowed.

Directional signs for vehicle or pedestrian safety.

All signs shall be removed promptly after transaction is completed.

Developer reserves the right to install and maintain any size sign for use in marketing the Donahue Ridge Subdivision.

Section 4. Fences and Walls. No fence or wall of any kind shall be installed or maintained on any Lot without first obtaining written approval of the Architectural Control Committee, and all fences must be black chain link or wood and run no more than half way around the house.

Section 5. Clotheslines. No outside clothesline shall be placed on the property.

Section 6. Landscape. After a dwelling is constructed on a Lot, the front yards/grass areas and right of ways must be sodded. Other acceptable methods (i.e. hydroseeding) may be used if first approved in writing by the Architectural Control Committee.

Section 7. Antennae. No antennae or earth satellite disk for the transmission or reception of television or radio signals or the like shall be installed or maintained on the exterior of any Structure or on any parcel exposed to view from any other Parcel except, in accordance with plans and specifications first approved in writing by the Architectural Control Committee. To the extent this prohibition is not permitted by law, no such antennae shall be so installed or maintained without the prior written approval of the Architectural Control Committee of plans and specifications for such antennae.

Section 8. Non Operational Vehicles. No non-operational vehicles may be placed on a Lot unless kept in a garage.

Section 9. Recreational Vehicles, Business Vehicles, and Trailers. No mobile homes shall be placed on the Property. No trailer, tractor trailer and/or their cabs, trailer homes, or Business Vehicle (i.e. school bus, delivery truck) shall be brought upon or parked on any Lot. While nothing contained herein shall prohibit the use of portable or temporary buildings or trailers as field offices by contractors during actual construction, the use, appearance and maintenance of such a building and trailer must be specifically approved in writing by the Architectural Control Committee prior to its being moved onto the construction site. Notwithstanding anything herein to the contrary, Developer may place a modular or mobile home on the Property for use as a temporary Sales Office.

Section 10. Outside Storage. Outside storage of personal property shall not be allowed unless screened by enclosures, fences or other devices for which plans and specifications have been first approved in writing by the Architectural Control Committee. Guidelines for screening of such outside storage shall be included in the Development Guidelines of the Architectural Control Committee.

Section 11. Home Industries. No profession or home business or industry shall be conducted on any Lot with the exception of:

Any occupation or activity carried on by a member of the family on the premises, in connection with which: (i) There is no group instruction, assembly or activity and no sign is used other than a name plate not more than one (1) square foot in area, and no display that will indicate from the exterior that the building is being utilized in part for any purpose other than that of a dwelling; (ii) There is no commodity sold upon the premises; (iii) No person is employed other than a member of the immediate family residing on the premises; and (iv) No mechanical equipment is used except that which is normally used for purely domestic or household purposes.

The use, in conformity with the above, of the premises by a physician, surgeon, dentist, lawyer, clergyman or other professional person for consultation or emergency treatment, but not the general practice of his profession.

The use, in conformity with the above, of the premises by salesmen, manufacturer's agents, insurance agents or representatives and contractors when such persons do not carry inventory of goods or commodities for sale or warehousing upon the premises other than samples which might be transported by hand and which are usually carried by such persons into a prospect's office or place of business, provided however that the premises shall not be used as a place where prospective clients of such persons would call in the normal course of business carried on by such persons.

The use, in conformity with the above, of the premises as a day-care center for children provided that (i) the center is specifically approved in writing in advance by the Developer, (ii) the center will serve no more than five (5) children at any time, and (iii) any advertising, recruitment and placement will require prior written approval by the Developer.

Section 12. Model Homes. Anything in this Declaration to the contrary notwithstanding, the Developer may place a modular or mobile home (sales trailer) on the Property or Association Properties for use as a temporary sales office. No other Owner shall have the right to house a model home, sales office or temporary construction office unless the Developer first gives his written approval to the same, which approval may be withheld.

Section 13. Accessory Structure. A detached Accessory Structure may be placed on a Lot only after the Architectural Control Committee first approves in writing the quality, design, materials, and location of the same on the Lot, and all metal buildings are prohibited.

Section 14. Government Regulations. All government building codes, health regulations, zoning restrictions and other requirements applicable to the properties shall be observed, in the event of any conflict between any provision of any such governmental code, regulation, restriction, or requirement any provision of this Declaration, the more restrictive shall apply.

Section 15. Improvements of Lots. All construction of dwellings, accessory structures and other improvements shall be undertaken with the following guidelines:

Concrete block or cinder block shall not be used as a building material for the exposed exterior surface of any dwelling.

All mailboxes serving Lots shall be approved by the Architectural Control Committee.

The enclosed, heated living area (exclusive of garages, carports, porches, terraces, storage and basement) shall contain no less than 1300 square feet.

Setbacks. The required distances between property lines and improvements upon a Lot shall be shown on the Plat. Additionally, the Architectural Control Committee may, as part of its authority to approve the location of improvements, require setback lines that are more restricting than the setback lines shown on the said Plat. In the event a variance from the setback lines as shown on the Plat is desired by Owner, the Owner shall first make a written request for the same to the Architectural Control Committee stating the reason for the request. The decision to approve or deny a request shall be within the sole discretion of the Architectural Control Committee. No activity that will create erosion or siltation problem shall be undertaken on any Lot without the prior written approval of the Architectural Control Committee of plans and specifications for the prevention and control of such erosion or siltation. The Architectural Control Committee may as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling such erosion or siltation. Such means may include, for example, physical devices

for controlling the runoff and drainage of water, special precautions in grading and otherwise changing the natural landscape.

Section 16. Animals. Dogs, cats, and other domesticated animals in a total number not exceeding three (3) may be kept by each residential lot owner provided they are not kept, bred or maintained for any commercial use or sale.

Section 17. Plans and Construction Materials. No structure shall be commenced, erected, placed moved onto, or permitted to remain on any Lot, nor shall any existing Structure upon any Lot be altered in any way which materially changes the exterior appearance of the Structure, unless plans and specifications therefore shall have been submitted to and first approved in writing by the Architectural Control Committee. The Architectural Control Committee shall have the right to disapprove any plans and specifications submitted pursuant to this paragraph because of any of the following:

The failure to include such information in such plans and specifications as may be usual and customary or as may have been reasonably requested; or Any other matter which in the judgment of the Architectural Control Committee, would be likely to cause the proposed installation, construction or alteration of a Structure to fail to be in conformity and harmony of external design and general quality with the existing standards of the neighborhood or the location of the Structure would be incompatible with the topography, finished ground elevation and surrounding Structures.

Section 18. Builders. Developer reserves the right to approve all Builders constructing homes or making Improvements on Lots, and no dwelling may be constructed and no Improvements made unless the Developer first approves the Builder.

ARTICLE XIII GENERAL

PROVISIONS

Section 1. Coverage and Right of Action. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall have the Right of Abatement in all cases where an Owner of a Lot shall fail to take reasonable steps to remedy a violation or breach of any restriction contained in this Declaration within thirty (30) days after the mailing of written notice of such violation or breach.

Section 2. Severability. If any provision of the Declaration, or any paragraph,

subparagraph, article, section, sentence, clause, phrase, word or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration and the application of any such provision, paragraph, subparagraph, article, section, sentence, clause, phrase and work in any other circumstances shall not be affected thereby and the remainder of this Declaration shall be construed as if such invalid part was never included therein.

Section 3. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Edgar Hughston.

Section 4. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including attorney's fees imposed upon, or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on Account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association may, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to find this obligation, if such insurance is reasonably available.

Section 5. Headings. The headings and articles and sections in this Declaration are for convenience of reference only and shall not in any way limit or define the content of substance or such articles and sections.

Section 6. Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a period of Twenty (20) years from &e date this Declaration is recorded, at the end of which period to the extent permitted by law such Covenants and Restrictions shall be automatically extended for successive period often (10) years each.

Section 7. Rights and Obligations. Each grantee of the Developer, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers create or reserved by this Declaration. All rights, benefits and privileges of every character hereby imposes shall be deemed and taken to be covenants running with the land and shall bind any person having at any time, any interest or estate in the Property or any portion thereof, and shall inure to the benefit of such grantee in like manner as though the provisions of the Declaration were recited and stipulated at length in each and every deed of conveyance or contract of conveyance.

Section 8. Notices. Notices provided for in this Declaration shall be in writing and shall be addressed to any Owner at his Lot or at such other address as hereinafter provided.

Notices to the Association or Board shall be in writing and shall be addressed to the President of the Association as his/her residence address. Notices addressed as above shall be deemed delivered upon mailing by United States Registered or Certified mail or when delivered in person.

Section 9. Amendment. This Declaration may be amended in writing at any time and from time to time only if at least seventy-five (75%) percent of the owners of Lots vote to amend the same; provided, however, such Amendment by the Owners shall not be effective unless also signed by the Developer if Developer is the owner of any real property then subject to this Declaration. No Amendment to the provisions of this Declaration shall alter, modify, change or rescind any right, title, interest or privilege herein granted or accorded to the holder of any Mortgage encumbering any Lot or the Association Property affected thereby unless such holder shall consent in writing thereto. Additionally, any such amendment shall not become effective until the instrument evidencing such change has been filed of record in the Office of the Judge, Lee County, Alabama Probate Court. Every purchaser or grantee of any interest in any Property made subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that this Declaration may be amended as provided in this Section.

Section 10. Amendment. Notwithstanding anything in this Declaration to the contrary, this Declaration may be amended unilaterally, from time to time, by the Developer to add additional property to Exhibit "A" hereof, and to encumber the same with this Declaration. The consent of the Owner shall not be required for any amendment under this section by the Developer to be effective.

Section 11. Time of the Essence. In all instances where a Member, the Association, the Board of Directors, or the Board are required by the terms and provisions of this Declaration to pay any sum or to do any act at a particular indicated time within any indicated period, it is understood and agreed that time *is* of the essence.

Section 12. Arbitration. All disputes in controversies of any kind and nature between the Members, the Association, the Board of Directors, or the Board, arising out of or in connection with this Declaration as to the existence, construction, validity, interpretation or meaning, performance, non-performance, enforcement, operation, breach, continuance, or termination thereof, including damages, shall be submitted to the arbitration of two (2) disinterested and competent persons who shall select a third, whose award shall be conclusive and binding on all parties. The parties stipulate and agree that the provisions of this Declaration as to arbitration shall be a complete defense to any suit, action, or proceeding instituted in any Federal, State, or Local Court, or before any administrative tribunal with respect to any controversy or dispute arising during the period of this Declaration. The arbitration provisions of this Declaration shall, with respect to controversies or disputes, survive the termination or expiration of this Declaration. Nothing contained in this Declaration shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend, modify, add to or subtract from any of the provisions of this Declaration. Any party may demand arbitration in writing by giving any other party thirty (30) days notice. The arbitrator, as part of the arbitration award, shall determine which party or parties pay the costs of arbitration.

Section 13. Governing Law. The laws of the state of Alabama shall govern the validity, interpretation, performance and enforcement of this Declaration.

IN WITNESS WHEREOF, Edgar hughston Builder, Inc., has caused this Declaration to be executed in its name and by its duly authorized officers on the day and year first above written.

Signed, sealed and delivered by Edgar Hughston Builder, Inc. (Developer) in the presence of:

Witness _____

EDGAR HUGHSTON BUILDER, INC.

EDGAR HUGHSTON, President

THE STATE OF ALABAMA, RUSSELL COUNTY

I, Karen M. Earley, a Notary Public in and for said County, in said State, hereby certify that Edgar Hughston, President, Edgar Hughston Builder, Inc., whose name is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents thereof is voluntarily executed the same on the day of its date.

Given under my hand and official seal this _____ day of December, 2009.

NOTARY PUBLIC

MY COMMISSION EXPIRES: _____