

The Edge at Auburn

Condominium Association Documents

 COPY

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April 23, 2002
VIA UPS NEXT-DAY

Wesley Bradley
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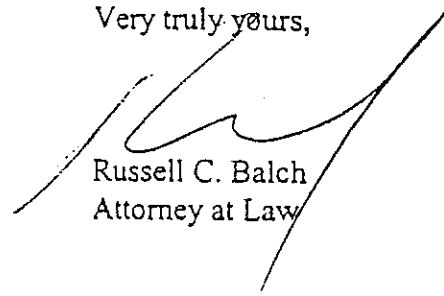
RE: The Edge at Auburn, LP
Our File No. 01-0608

Dear Wes:

Enclosed please find the final Offering Statement for The Edge at Auburn Condominium, which includes the original recorded Declaration of Condominium and exhibits thereto. Also enclosed as a separate document is a Receipt for Condominium Documents to be executed by each Purchaser.

Please call me if there are any questions.

Very truly yours,



Russell C. Balch
Attorney at Law

w/encl.

cc: Jack Mata (w/encl.) VIA UPS NEXT-DAY

6/21/02

Amended 1 to Assoc. Agmt

OFFERING STATEMENT**THE EDGE AT AUBURN CONDOMINIUM**

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

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

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

SUMMARY OF REQUIRED DISCLOSURES

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

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

THE CONDOMINIUM IS BEING SOLD AS FEE SIMPLE INTERESTS.

THIS IS A PHASE CONDOMINIUM. ADDITIONAL UNITS MAY BE ADDED TO THIS CONDOMINIUM.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

THERE IS A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY.

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER THE MAJORITY OF THE UNITS HAVE BEEN SOLD.

THE LEASING OF UNITS IS RESTRICTED OR CONTROLLED.

This agreement is voidable by buyer by delivering written notice of the buyer's intention to cancel within 7 (seven) days after the date of execution of this agreement by the buyer, and receipt by buyer of all of the items required to be delivered to him by the developer under Section 35-8A-403 through 35-8A-406, Ala. Code (1975). This agreement is also voidable by buyer by delivering written notice of the buyer's intention to cancel within 7 (seven) days after the date of receipt from the developer of any amendment which materially alters or modifies the offering in a manner that is adverse to the buyer. Any purported waiver of these voidability rights shall be of no effect. Buyer may extend the time for closing for a period of not more than 7 (seven) days after the buyer has received all of the items required. Buyer's right to void this agreement shall terminate at closing.

OFFERING STATEMENT

1. Declaration of Condominium

- Exhibit "A" Survey, Site Plan for Development and Floor Plans for Development
- Exhibit "B" Association Articles of Incorporation
- Exhibit "C" Association Bylaws
- Exhibit "D" Percentage Interest in Common Elements
- Exhibit "E" Management Contract
- Exhibit "F" Condominium Rules and Regulations

2. Annual Estimated Operating Budget and Estimated Monthly Association Assessment by Unit Type

3. Form Purchase Agreement and Form Residential Rental Agreement

4. Frequently Asked Questions and Answers

5. Receipt for Condominium Documents

TABLE OF CONTENTS

Description	Page
1. Description of Condominium	6
a. Name and Location	6
2. Fee Simple Interests	6
2. Description of Accommodations and Facilities	6
a. Maximum Number and Type of Units	6
b. Completion Date and Developer Right to Make Changes	6
3. Description of Recreational and Other Commonly-Used Facilities Used Exclusively by Purchasers	7
4. No Recreational or Other Commonly-Used Facilities Not Used Exclusively by Purchaser	7
5. No Recreational Facilities Leases, Club Memberships or User Fees	7
6. Status of Title to the Real Property	8
a. Encumbrances	8
b. Closing	8
7. Additional Recreational Facilities	8
8. Leasing of Units	8
9. The Managing Entity	9
10. Developer's Control of the Association	10
11. Sale, Lease or Transfer Restrictions	10
a. Sale or Other Transfer	10
b. Lease or Rental	10
12. Restrictions on Use of Units and Facilities	10

FCC # 60V SW EXP
Maria Calle
Director of ANADMA

13.	Utilities	11
14.	Apportionment of Common Expenses and Common Elements	11
15.	Annual Estimated Operating Budget; Developer Guaranty	11
16.	Closing Costs	11
17.	Description of Developer	12

THE EDGE AT AUBURN, A CONDOMINIUM

OFFERING STATEMENT

1. Description of Condominium.

a. Name and Location. The name of the condominium is THE EDGE AT AUBURN CONDOMINIUM (the "Condominium"). The Condominium is located in Lee County, Alabama, at 1114 South College St., Auburn, Alabama. Individual phases of the Condominium are more specifically described in the plot plan and survey attached as Exhibit "A" to the Declaration of Condominium, which is attached as Exhibit I to this Offering Statement.

b. Fee Simple Interests.

THE CONDOMINIUM IS BEING SOLD AS FEE SIMPLE INTERESTS.

2. Description of Accommodations and Facilities.

a. Maximum Number and Type of Units.

THIS IS A PHASE CONDOMINIUM. ADDITIONAL UNITS MAY BE ADDED TO THIS CONDOMINIUM.

This Condominium is a phase condominium which will consist of a maximum of two (2) phases. Phase I consists of five buildings with 3 floors each, each floor containing four (4) Units (a total of twelve (12) Units in each building in Phase I). Phase I will also consist of a basketball court, a beach volleyball court, a swimming pool with pool deck, cabana and fitness room. Phase II of the Condominium will consist of five (5) three-story buildings (four buildings with 12 Units and one building with 8 Units). The Unit types in Phase I will be twelve (12) 2BR/2BA; twelve (12) 3BR/3BA; and thirty-six (36) 4BR/BA. The Unit types in Phase II will be two, three, and four-bedroom Units in a mix to be determined by Developer's sole discretion. The legal description and site plan for Phases I-II are more fully set forth in the attached Exhibit "A".

b. Completion Date and Developer Right to Make Changes.

The estimated date of the completion of construction, finishing and

equipping of each phase is set forth in Article XX of the Declaration. As provided in Article XX of the Declaration and as permitted under Alabama law, the Developer reserves the right to make certain changes in the plans and specifications for future phases, including but not limited to the Unit types to be included therein. Notwithstanding the above, the additional units will not be substantially different from the original units in Phase I.

3. **Description of Recreational and Other Commonly-Used Facilities Used Exclusively by Purchasers.**

The recreational and other commonly-used facilities consist of a swimming pool with a pool deck, cabana, and fitness room. In-ground pool to be "gunite" construction. The swimming pool has dimensions not less than a width of 25 feet, length of 50 feet, with an "L" of 20 feet by 13 feet. The total area of the swimming pool is 1510 square feet with a uniform depth of 4.0 feet. The Cabana, Club Building and Fitness Area is combined into a single building, totaling 1296 square feet (36 feet by 36 feet). The area of the Fitness Area is approximately 1000 square feet with a capacity of 65 persons. The Cabana contains approximately 250 square feet and has a capacity of approximately 16 persons. The deck surrounding the Pool, Cabana, and Fitness Area is covered with a "Kool-deck" finish system and comprises a total of 4,918 square feet, which will accommodate 160 persons. The pool deck is not less than 10 feet wide on all sides of the pool. There will also be a "sand" volleyball court with marked boundaries and a net, and a concrete basketball court with painted markings to match standard high school dimensions. The location of the swimming pool and Cabana, Club Building, and Fitness Area are shown on Exhibit "A" to the Declaration, which is attached as Exhibit 1 to this Offering Statement. The Developer may, at its sole discretion, provide equipment for the Fitness Area. The swimming pool with pool deck, Cabana, Club Building, and Fitness Area are available for use by unit owners.

4. **No Recreational or Other Commonly-Used Facilities Not Used Exclusively by Purchasers.**

There are no recreational or other commonly-used facilities not used exclusively by Purchasers.

5. **No Recreational Facilities Leases, Club Memberships or User Fees.**

None of the recreational facilities or other facilities offered by the Developer for use by the purchasers will be leased or will have club memberships associated with them. See Article VIII of the Declaration, which is attached as Exhibit 1 to this Offering Statement, for more information regarding each Owner's obligation to pay assessments for Common Expenses and the Association's lien rights in the event of non-payment.

6. Status of Title to the Real Property.

Title to the real property underlying the Condominium is subject to the following:

a. Encumbrances. The Developer is the fee simple owner of the property comprising the Condominium. There are no existing or intended easements located or to be located on the Condominium Property other than those described in the Declaration, which is attached to the Offering Statement as Exhibit I or which are described above.

b. Closing. Upon the closing of the purchase of a Unit, the Developer will cause any mortgage to be released as to that Unit or shall have such mortgage satisfied. Each purchaser's Unit shall be free and clear of all liens, encumbrances, defects, judgments, leases and mortgages except that each such Unit shall be subject to the following matters of title; (i) the Declaration of Condominium and all exhibits attached thereto; (ii) any mortgage placed upon the purchaser's unit in connection with purchase money financing; (iii) taxes and assessments for the year of closing and subsequent years, including but not limited pending and certified governmental liens, and (iv) any restrictions, reservations, conditions, limitations and easements placed of record prior to purchase or imposed by governmental authorities having jurisdiction or control over the property. Developer reserves the right to place a mortgage(s) on the Condominium Property in connection with the development and construction of the project.

7. Additional Recreational Facilities.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT
CONSENT OF UNIT OWNERS OR THE ASSOCIATION

Pursuant to Article XX of the Declaration, which is attached as Exhibit 1 to this Offering Statement, the Developer has reserved the right, but not the obligation, to add recreational facilities to the Condominium without the consent of Unit Owners or the Association as part of the phased development of the Condominium. Any recreational facilities added to the Condominium Property as part of future phase development or otherwise by Developer shall be constructed at the sole expense of Developer and maintained at the sole expense of the Association.

8. Leasing of Units.

UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

The Developer retains the right to lease Units in the Condominium. The Developer may also sell Units subject to individual Unit leases or Units which have previously been leased.

9. The Managing Entity

THERE IS A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH PORTER PROPERTIES, INC.

A copy of the Management Contract is attached as Exhibit "E" to the Declaration of Condominium, which is attached to this Offering Statement as Exhibit 1. The Edge at Auburn Condominium Association, Inc., an Alabama non-profit corporation (the "Association") is the entity responsible for the maintenance and operation of the condominium. The Association has contracted with Porter Properties, Inc. (the "Management Company") for the purpose of delegating all of the Association's management, maintenance and operational duties for the Condominium to the Management Company.

The Management Contract has an initial term of 1 year and shall be automatically renewed for successive 30 day periods unless terminated earlier in accordance with Alabama law or the terms of the Management Contract. The Management Contract also provides that the annual management fee will be \$12.00 per Unit per month.

The services to be provided by the Management Company pursuant to the Management Contract include procuring and supervising maintenance personnel; contracting for the security, maintenance and repair of the Condominium property; ensuring compliance by the Association and all of its members and guests with all laws, statutes, ordinances and rules of all appropriate governmental authorities; ensuring that all tools, equipment and supplies necessary to properly maintain and operate the Condominium are obtained and maintained; ensuring that all insurance required by the Condominium documents is obtained and kept in full force and effect; ensuring that the Association's financial record books, accounts and other records are maintained in accordance with the Alabama Uniform Condominium Act, Title 53, Chapter 8A, Ala. Code (1975) and the Association's Bylaws, a copy of which are attached as Exhibit "C" to the Declaration; ensuring that all maintenance assessments are collected and deposited in a special bank account or accounts, ensuring that annual financial report is provided to all owners itemizing all receipts and expenditures for the previous year; arranging for annual independent review or audit to be conducted by a certified public accountant; ensuring that the provisions of the Condominium documents are enforced by all legal means; and employing such other professionals as may be reasonably required to carry out its duties under the Management Contract.

10. Developer's Control of the Association.

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER THE MAJORITY OF THE UNITS HAVE BEEN SOLD.

The Developer will control the Association through the appointment of a majority of the board of directors until such time as transfer of control of the Association is required by Alabama law. See Article IX, Section 9.6 of the Declaration, a copy of which is attached to this Offering Statement as Exhibit 1, for further details.

11. Sale, Lease or Transfer Restrictions.

THE LEASING OF UNITS IS RESTRICTED OR CONTROLLED

Units in the Condominium are offered for sale for personal use and enjoyment only and should not be purchased by any prospective purchaser for resale or as an investment opportunity or with any expectation of achieving rental income, capital appreciation, or any other financial return or valuable benefit, including but not limited to any tax benefit.

a. Sale or Other Transfer. The sale of Units is not restricted or controlled.

b. Lease or Rental. Owners may lease or rent their Units in whole or in part for non-transient occupancy, and no approval by the Association or Developer shall be necessary therefor. Owners shall be specifically permitted to rent portions of Units, it being the intention of Developer to permit the Owner to rent individual bedrooms within a Unit to separate and unrelated persons. However, all lessees, as well as guests of Owners, shall be required to abide by the terms and conditions of the Declaration as well as all Rules and Regulations adopted by the board of directors of the Association from time to time. Owners are prohibited from leasing Units or portions thereof for an initial term of less than thirty (30) days.

For more details regarding restrictions on the alienability of Units, see Article XIII of the Declaration, which is attached as Exhibit 1 to this Offering Statement.

12. Restrictions on Use of Units and Facilities.

There are several restrictions on the use of the Units and facilities of the Condominium. Refer to Article XII of the Declaration, a copy of which is attached to this Offering Statement as Exhibit 1; and to the Condominium Rules and Regulations promulgated by the board of directors of the Association, a current copy of which is attached as Exhibit "D" to the

Declaration. There are no restrictions upon children on the Condominium property. Certain types of pets are prohibited.

13. Utilities. Utilities and other services for the Condominium are set forth below:

SERVICE	SUPPLIER
Electricity	Alabama Power
Sewage	Water Works Board, City of Auburn
Water	Water Works Board, City of Auburn
Storm Drainage	On-Site and City of Auburn
Waste	City of Auburn
Telephone	BellSouth
Cable TV	Charter Communications

14. Apportionment of Common Expenses and Common Elements

Each Unit in the Condominium has appurtenant to it an equal share of the common expenses and common surplus and an undivided interest in the Common Elements of the Condominium as set forth in Article VI of the Declaration attached to this Offering Statement as Exhibit 1.

15. Annual Estimated Operating Budget: Developer Guaranty. The estimated operating budget for the Condominium for the 12 months following recordation of the Declaration of Condominium and a schedule of the purchaser's projected expenses are set forth in Exhibit "2" to this Offering Statement. The Estimated Operating Budget is based on 116 Units, although the Developer may seek to increase the number of Units to 120 Units. Until August 1, 2003, the Developer will pay the balance of any Common Expenses not fully paid by assessments against Unit Owners. The obligation of Unit Owners to pay assessments for Common Expenses is a personal obligation and the failure of any Unit Owner to pay such assessments may result in the filing of a lien against such Unit.

16. Closing Costs. As set forth in Paragraph 2 of the Purchase Contract, a specimen copy of which is attached to this Offering Statement as Exhibit "3", a Purchaser can expect to pay all closing costs associated with the purchase of a Unit. Such closing costs include the cost of Alabama deed taxes on the deed of conveyance, recording fees, attorney document preparation fee (not to exceed \$400.00), and purchaser's share of prorated ad valorem taxes. If purchaser finances any portion of the purchase price, purchaser shall also be responsible for paying all closing costs connected with said financing, including but not limited to, Alabama mortgage

tax, the cost of recording the mortgage, and the premium for a mortgagee policy of title insurance. Purchaser shall also be required to pay at closing an initial contribution to the working capital funds of The Edge at Auburn Condominium Association, Inc. equal to two (2) months' condominium dues.

Notwithstanding the foregoing, Developer shall pay on Buyer's behalf up to an amount equal to three percent (3%) of Buyer's loan amount to be applied towards closing or settlement costs. It is understood that only actual closing costs of Buyer will be paid up to the set amount, and that this is not to be considered as a simple credit in the set amount. Closing costs include attorney's fees authorized by Developer, recording fees, deed and mortgage tax, mortgagee title insurance premiums, authorized discount points, loan origination fees, lender's inspection fee, appraisal and ten-year Home Buyers Warranty Insurance Premium. Closing costs do not include homeowner's insurance premium, owner's title insurance premiums, charges for credit report, initial escrow contributions, condominium dues, the initial contribution to the working capital funds of The Edge at Auburn Condominium Association, Inc., equal to two (2) months' condominium dues, interim interest, real estate taxes or fees for attorneys, consultants or other professional representatives not expressly authorized by the Developer, and government loan or guaranty funding fees. Accordingly, Buyer may not be entitled to receive a credit from Developer of three percent (3%) depending upon the type of costs incurred by Buyer and the amounts thereof.

17. Description of Developer. The developer of this condominium is The Edge at Auburn, L.P., an Alabama limited partnership. The General Partner of the Developer is The Edge at Auburn Partners, L.L.C., an Alabama limited liability company. The Managing and Sole Member of the General Partners is University Housing Group, Inc., a North Carolina corporation. The President of the University Housing Group, Inc. is Wesley C. Bradley. University Housing Group, Inc. has been the principal involved in the development of similar condominium projects in Gainesville, Florida; Charlotte, North Carolina; and Raleigh, North Carolina. This project is the first development undertaken by The Edge at Auburn, L.P.

DECLARATION OF CONDOMINIUM
OF
THE EDGE AT AUBURN CONDOMINIUM

ARTICLE I

PREAMBLE, NAME AND LEGAL DESCRIPTION

The undersigned, The Edge at Auburn, L.P., an Alabama limited partnership, whose address is 1114 S. College Ave., Auburn, AL 36830, ("Developer"), being the holder of fee simple title to that certain real property located in Lee County, Alabama, and more particularly described hereinafter, does hereby submit such lands as described in Paragraph 1.2 below together with the improvements thereon to the condominium form of ownership in accordance with the provisions of Title 35, Chapter 8A, Ala. Code (1975), and the following provisions:

1.1. Name. The name by which this condominium is to be identified is THE EDGE AT AUBURN CONDOMINIUM (the "Condominium").

1.2. Legal Description. Developer is the owner of that certain real property located in Lee County, Alabama, more particularly described in the attached Exhibit "A", which exhibit is incorporated herein by this reference. The property that is hereby submitted to the condominium form of ownership under this Declaration of Condominium consists of that certain real property set forth in the attached Exhibit "A" together with those easements more specifically and particularly described in Article IV herein.

1.3 Additional Property. Developer shall have the sole right but not the obligation to bring within the scheme of this Declaration, as Additional Property, additional properties within the condominium plan at any time within five (5) years from the date this Declaration has been recorded, which annexation may be accomplished without the consent of the Association, its members, the Owners or occupants of the Condominium Property, any mortgage or lien holder, or anyone else. In the case that HUD, VA and/or FNMA holds, insures or guarantees any mortgages in such existing condominium, no additional property may be added to the existing condominium by developer without the prior written consent of said holder, insurer, and/or guarantor. Furthermore, all improvements on the property to be added must be substantially completed before such property is added to the existing condominium. Any Liens arising in connection with Developer's ownership of and construction of

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LEE COUNTY
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TOTAL 245.00

improvements upon the property to be added must not adversely affect the rights of the existing unit owners or the priority of first mortgages on units in the existing condominium property. Prior to the addition of the property, all taxes and assessments for the property to be added, must be paid or otherwise provided for by the Developer.

1.4 Method of Annexation. The additional property to be annexed under this Article shall be made by filing of record a Supplemental Declaration of Additional Property with respect to the additional property which shall extend the scheme of the covenants and restrictions of this declaration to such additional property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Declaration for the purpose of annexing property to the scheme of this Declaration and extending the jurisdiction of the Association to the Additional Property.

Owners, upon recordation of any Supplemental Declaration shall also have a right and non-exclusive easement of use and enjoyment in and to the Condominium Property within the real property so annexed and an obligation to contribute to the operation and maintenance of such Condominium Property within the annexed lands.

Any Supplemental Declaration recorded in accordance with the terms herein shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described in said Supplemental Declaration shall be subject to the provisions of this Declaration and to the jurisdiction of the Association.

1.5. Adjustment for Additional Property. If additional property is added, the voting rights, assessment obligations and the like shall be adjusted accordingly.

ARTICLE II

DEFINITIONS

The terms used in this Declaration and in its exhibits, including the Articles of Incorporation and Bylaws of the Association, shall be defined in accordance with the provisions of Title 35, Chapter 8A, Ala. Code (1975) and as follows unless the context otherwise requires:

2.1. Ad Valorem Real Estate Taxes shall mean those real property taxes assessed against the Units and their respective undivided interests in the Common Elements by the Tax Assessor for Lee County, Alabama.

2.2. Articles of Incorporation shall mean the Articles of Incorporation of the

Association, as they may be amended from time to time. A copy of the present Articles of Incorporation are attached hereto as Exhibit "B" and incorporated herein by reference.

2.3 Association shall mean The Edge at Auburn Condominium Association, Inc., a non-profit Alabama corporation, and its successors, which is responsible for the operation of the Condominium.

2.4. Association Property shall mean any real and personal property owned by the Association including, but not limited to, all furnishings, fixtures and other personal property contained within the Condominium Property that are not the property of an individual Owner.

2.5. Bylaws shall mean the Bylaws of the Association as they may be amended from time to time. A copy of the present Bylaws are attached hereto as Exhibit "C" and are incorporated herein by reference.

2.6. Title 35, Chapter 8A, Ala. Code (1975) shall mean the provisions of Title 35, Chapter 8A, Ala. Code (1975), as the same are constituted on the date of the recording of this Declaration.

2.7. Common Elements shall mean all of those items defined in Title 35, Chapter 8A, Ala. Code (1975) as Common Elements and those items hereinafter declared to be included within the Common Elements.

2.8. Common Expenses shall include:

a. Expenses of administration and management of the Condominium Property and of the Association including, but not limited to, compensation paid by the Association to a manager, accountant, attorney or other employee or independent contractor.

b. Expenses of maintenance, operation, repair and replacement of the Common Elements, as well as all other costs and expenses properly incurred by the Association.

c. Expenses declared Common Expenses by the provisions of this Declaration or the Condominium Documents or Title 35, Chapter 8A, Ala. Code (1975).

d. Any valid charge against the Condominium Property as a whole.

e. All costs and expenses incurred by the Association in connection with regulatory compliance.

f. All reserves for replacement and maintenance of the Condominium Property as required by Title 35, Chapter 8A, Ala. Code (1975).

Common Expenses shall not include Ad Valorem Real Estate Taxes assessed against each Condominium Parcel but shall include any and all taxes assessed against Association Property.

2.9. Common Surplus shall mean any excess of all receipts of the Association over the amount of Common Expenses.

2.10. Condominium shall mean and refer to The Edge at Auburn Condominium.

2.11. Condominium Documents shall include this Declaration, together with all exhibits attached hereto and all other documents expressly incorporated herein by reference, as the same may be amended from time to time.

2.12. Condominium Parcel is a Unit, together with the undivided share in the Common Elements and Common Surplus which are appurtenant to the Unit.

2.13. Condominium Property means and includes the lands, leaseholds, easements and personal property including, but not limited to, the Common Elements that are subjected to condominium ownership from time to time as part of this Condominium, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with this Condominium.

2.14. Condominium Rules and Regulations shall mean and refer to the rules and regulations concerning the use of Condominium Property as may be promulgated and amended from time to time by the Association in the manner provided by its Articles of Incorporation and Bylaws. A copy of the initial Condominium Rules and Regulations are attached hereto as Exhibit D.

2.15. Declaration shall mean this Declaration of Condominium of The Edge at Auburn Condominium, as it may lawfully be amended from time to time, pursuant to the provisions hereof.

2.16. Developer shall mean The Edge at Auburn, L.P., an Alabama limited partnership, its successors and assigns. No party other than The Edge at Auburn, L.P., shall exercise the rights and privileges reserved herein to the Developer unless such party shall

receive and record in the Office of the Judge of Probate of Lee County, Alabama, a written assignment from The Edge at Auburn, L.P., of all or a portion of such rights and privileges.

2.17. Limited Common Elements means and includes those Common Elements which are reserved for the use of a certain Unit to the exclusion of other Units.

2.18. Management Company shall mean any entity, and its successors and assigns, engaged to manage the Condominium pursuant to the Management Contract.

2.19. Management Contract shall mean the agreement between the Association and any Management Company which provides for the ongoing management of the Condominium.

2.20. Mortgagee shall mean the Developer (and any successor-in-interest to the Developer as to a purchase-money mortgage), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), or any trust, savings and loan association, credit union, mortgage company, bank, insurance company, or commercial loan company licensed to do business in the State of Alabama, to the extent that any of the same hold a first mortgage encumbering any Unit.

2.21. Right-of-Way Property means that certain real property shown on the attached Exhibit "A" and labeled "Right-of-Way Property".

2.22. Unit means a condominium unit as that term is defined in Title 35, Chapter 8A, Ala. Code (1975) and in Article V of this Declaration and refers to that part of the Condominium Property which is subject to exclusive ownership by one or more persons.

2.23. Utility Services shall include, but not be limited to, electric power, cable television, water, garbage and sewage disposal and telephone service, and all other public service and convenience facilities.

ARTICLE III

EXHIBITS

The Exhibits referred to in this Declaration shall include the following:

3.1. Exhibit "A". A legal description and a survey of the initial land committed to the condominium form of ownership pursuant to this Declaration and comprising Phases I

and II of the Condominium Property as set forth in Article XX below, together with a graphic description of the Units located therein in a plot plan which, together with this Declaration, are of sufficient detail to identify the Common Elements and each Unit and their relative locations and approximate dimensions. As set forth in Exhibit "A", each Unit is identified by a number so that no Unit bears the same designation as any other Unit. Copies of the survey are also recorded in Condominium Book ___ Page ____ in the Office of the Judge of Probate for Lee County, Alabama.

- 3.2. Exhibit "B". The Articles of Incorporation of the Association.
- 3.3. Exhibit "C". The Bylaws of the Association.
- 3.4. Exhibit "D". Percentage Interest in the Common Elements
- 3.5. Exhibit "E". The Management Contract
- 3.6. Exhibit "F". The Condominium Rules and Regulations.

ARTICLE IV

EASEMENTS, LIENS, AND ENCUMBRANCES

The following easements are hereby expressly reserved or have been granted:

4.1. General Easements. Non-exclusive easements over, across and under the Condominium Property are expressly provided for and reserved in favor of the Developer and the Owners and their respective lessees, guests and invitees as follows:

a. Utilities. Easements are reserved over, across and under the Condominium Property as may be required for Utility Service in order to serve the Condominium adequately; including, but not limited to, easements for the purpose of allowing such access rights as are necessary to utilize and service any lift station or utility transformer boxes located within the Condominium Property. Specific utility easements that exist on the Condominium Property, if any, are set forth in Exhibit "A" attached hereto.

b. Encroachments. In the event that any Unit shall encroach upon any of the Common Elements or upon any other Unit, or in the event any Common Element shall encroach upon any Unit, then an easement shall exist to permit such encroachment so long as the same shall exist.

c. Traffic. An easement shall exist for pedestrian traffic over, through and across sidewalks, paths, walks, halls, lobbies and other portions of the Common Elements as may be from time to time intended and designated for such purpose and use; and for vehicular and pedestrian traffic over, through and across such portions of the Common Elements as may from time to time be paved and intended for such purposes, and such easements shall be for the use and benefit of the Owners within this Condominium and those claiming by, through or under the aforesaid; provided, however, nothing herein shall be construed to give or create in any person the right to park any vehicle upon any portion of the Condominium Property except to the extent that space may be specifically designated and assigned for parking purposes. Further, easements shall exist for ingress and egress over such streets, walks and other rights-of-way serving the Units as shall be necessary to provide for reasonable access to the public rights-of-way.

4.2. Association Easements. Except as limited by Section Title 35, Chapter 8A, Ala. Code (1975) the Association may grant easements from time to time over the Common Elements.

4.3. Developer Easements. The Developer hereby reserves the following exclusive easements and rights to grant easements:

a. Marketing, Sales and Rental. The Developer reserves exclusive easement rights over and across the Condominium Property for the purpose of marketing, sales and rental of Units and other accommodations owned or operated by the Developer or one of its affiliates on adjoining properties which are not part of the Condominium.

b. Governmental Requirements. The Developer hereby reserves the right to grant such easements from time to time as may be required by any government agency. Such easements shall specifically include, but not be limited to, any environmental easements required by state or federal environmental agencies for so long as the Developer holds any interest in any Unit subject to this Declaration.

c. Developer Easements. The Developer reserves unto itself, for so long as it holds any interest in any Unit (including leaseholds), specific easement rights over and across the Condominium Property as it may deem necessary for its use from time to time.

d. Construction Easements. The Developer, on behalf of itself and its affiliates, hereby reserves easement rights over, under and across the Condominium Property as is necessary from time to time for the purpose of constructing improvements on property adjacent to and in the vicinity of the Condominium Property, but only if access thereto is otherwise not reasonably available.

4.4. Other Easements, Liens, and Encumbrances. Other easements, if any, may have been granted over the Condominium Property as set forth in the survey contained in Exhibit "A" attached hereto. The Condominium Property also is subject to the following:

Easements of Alabama Power Company dated August 14, 1998, recorded in Book 2185, at Page 782; dated August 17, 1998, recorded in Book 2185, at Page 785; and dated September 4, 1998, recorded in Book 2185, at Page 788, all in the Office of the Judge of Probate of Lee County, Alabama.

Option and Lease Agreement given to BellSouth Mobility, Inc., dated June 26, 1988, and recorded November 19, 1999, in Book 2188, Page 142, in the Office of the Judge of Probate of Lee County, Alabama.

Utility Easements as shown on the plat of University Village Subdivision, as recorded at Plat Book 23, Page 4, in the Office of the Judge of Probate for Lee County, Alabama.

Access Easement and Road Maintenance Agreement recorded at Deed Book 2217, Page 100, in the Office of the Judge of Probate of Lee County, Alabama.

Subject to Drainage Easement and Maintenance Agreement recorded at Deed Book 2217, Page 107, in the Office of the Judge of Probate of Lee County, Alabama.

Mortgage executed by The Edge at Auburn, L.P., an Alabama limited partnership, to BancorpSouth Bank dated January 10, 2002, and recorded January 23, 2002, in Mortgage Book 2840, Page 8, in the Office of the Judge of Probate for Lee County, Alabama.

ARTICLE V

UNITS

5.1. Description of Units. Each Unit shall include that part of a building containing the Unit that lies within the boundaries of the Unit, which boundaries are as follows:

a. Upper and Lower Boundaries. The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the perimeter boundaries:

(1) Upper Boundaries. The plane of the lowest surface of the unfinished ceiling and the plane of the lowest surface of the unfinished entry ceiling.

(2) Lower Boundaries. The plane of the lowest surface of the top of the unfinished floor slab and the plane of the surface of the top of the unfinished entry floor slab.

(3) Entry Elevations. Entry floor slab elevations at innermost unfinished surface of the exterior wall thereof are equal to the Unit floor slab elevation.

b. Perimeter Boundaries. The perimeter boundaries of the Unit shall be the following boundaries extended to an intersection with the upper and lower boundaries:

(1) Exterior Building Walls. The intersecting vertical plane(s) of the innermost unfinished surfaces of the exterior wall of the building bounding such Unit and as to the entry which is a part of a Unit. Such boundaries shall be the intersecting vertical planes which include all of such structures of the innermost unfinished surface of the exterior concrete floor slab thereof.

(2) Interior Building Walls. The vertical planes of the innermost unfinished surface of the interior walls bounding such Unit extended to intersections with other perimetrical boundaries.

5.2. Limited Common Elements. None.

5.3. Warranty Limitation. EXCEPT FOR THOSE WARRANTIES REQUIRED BY TITLE 35, CHAPTER 8A, ALA. CODE (1975), THE DEVELOPER DOES NOT MAKE ANY WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AND THE DEVELOPER HEREBY DISCLAIMS ANY SUCH WARRANTIES INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND THE OWNERS AND THE ASSOCIATION ASSUME ALL RISK AND LIABILITY RESULTING FROM THE USE OF THIS PROPERTY.

ARTICLE VI

APPURTENANCES

6.1. Appurtenant Interests. Each Unit shall have as an appurtenance thereto an equal undivided share of the Common Elements and Common Surplus as more specifically described on Exhibit "D" attached hereto and by this reference incorporated herein. The Owner of each Unit shall be liable for that share of the Common Expenses which equals the percentage interest in the Common Elements and Common Surplus appurtenant to its Unit. The percentage interest set forth in Exhibit D is based on 116 Units in the Condominium. In the event the Condominium is expanded to 120 Units, the percentage interest of each Unit will be adjusted pro-ratably

6.2. Partition of Common Elements. The share of the undivided percentage interest in the Common Elements appurtenant to each Unit shall remain undivided, and no Owner shall bring, or have any right to bring, any action for partition or division of same.

ARTICLE VII

MAINTENANCE, ALTERATION AND IMPROVEMENT

Responsibility for the maintenance of the Condominium Property, and restrictions upon its alteration and improvement, shall be as follows:

7.1. Units. Common Elements.

a. By the Association. Unless caused by the specific abuse of an Owner or any licensee, guest or tenant of an Owner, the Association shall maintain, repair and replace at the Associations expense:

(1) All Common Elements except as otherwise provided in the Condominium Documents.

(2) All conduits, ducts, plumbing, wiring and other facilities for the furnishing of Utility Services.

b. By the Owner. The responsibility of the Owner for maintenance, repair and replacement shall be as follows:

(1) To not paint or otherwise decorate or change the appearance of any portion of the Condominium Property without the prior written approval of the Association.

(2) To promptly report to the Association upon discovery any defect or need for repairs for which the Association is responsible.

(3) To bear in their entirety any expenses of repairs or replacements to the Condominium Property occasioned by the specific use or abuse by any Owner or any licensee, guest or tenant of said Owner.

(4) To maintain, repair and replace all components, furnishings, carpeting, appliances and other property, real, personal or mixed, located inside or comprising a Unit unless provided otherwise in the Condominium Documents.

7.2. Management Contract. The Association may enter into such management contracts from time to time as it deems necessary to engage the services of a management company to carry out all or part of the maintenance and operational duties and obligations of the Association in accordance with this Declaration. The initial Management Company is Porter Properties, L.L.C., pursuant to the terms of the Management Contract attached hereto as Exhibit E. In the event that the Management Contract is terminated, the maintenance duties and other obligations of the Condominium will once again be the responsibility of the Association. Any Management Contract must provide that at any time after turnover of control of the Association to Owners other than Developer, that the Association shall have the right, without penalty, to terminate the Management Contract upon not more than ninety (90) days advance written notice to the Management Company.

✓ 7.3. Association's Access to Units. The Association has the irrevocable right of access to each Unit whenever necessary for maintaining the Common Elements, for making emergency repairs necessary to prevent damage to the Common Elements or to another Unit and for servicing and reading utility lines, valves, conduits and meters.

7.4. Common Elements. The Association shall maintain, repair and replace all Common Elements except as otherwise provided in the Condominium Documents.

ARTICLE VIII

ASSESSMENTS AND COMMON EXPENSES

8.1. Common Expenses. In addition to those items defined as Common Expenses in Article 2.8 above, Common Expenses shall include the following:

a. Repair, replacement and upkeep of the Common Elements including, but not limited to, all storm water drainage and retention areas, recreational facilities, driveways, sidewalks;

b. Casualty and/or liability insurance on the Condominium Property and fidelity bonds;

c. Utility Services for the Condominium Property not attributable to individual Units;

d. Taxes on Association Property and any other applicable taxes other than Ad Valorem Real Estate Taxes assessed against individual Condominium Parcels; and

e. Any other expenses incurred in the normal operation and maintenance of the Condominium which cannot be attributed to a particular Owner.

8.2. Assessments. The mailing and collection of assessments against each Owner for Common Expenses, for the costs or expenses for which an individual Owner may be solely responsible pursuant to the terms of the Condominium Documents, and for reserves as may from time to time be established by the Association, shall be pursuant to the Bylaws of the Association subject to the following provisions:

a. Interest: Application of Payments. Assessments and installments on such assessments paid on or before five (5) days after the date when due shall not bear interest, but all sums not paid on or before five (5) days after the date when due shall bear interest at the rate of 1.5% per month from the date when due until paid. A late charge equal to the greater of \$25.00 or 5% of the delinquent payment shall also be due on delinquent accounts. All payments on accounts shall be first applied to any interest that has accrued, then to any late charge, then to any costs and reasonable attorney fees incurred in collection, and then to the assessment payment first due. The board of directors shall have the discretion to increase or decrease the amount of late charge and/or interest rate within the limits imposed by law; provided, however, that such increase or decrease shall be made effective by amending the Condominium Rules and Regulations and notifying the Owners of same by regular mail addressed to each Owner at his last known address.

b. Lien for Assessments. The Association shall have a lien against each Condominium Parcel for any unpaid assessments which are due and which may accrue

subsequent to the recording of the claim of lien and prior to the entry of a certificate of title, which lien shall also secure any interest, and all reasonable attorneys' fees and costs incurred by the Association incident to the collection process, whether or not legal proceedings are initiated. The lien is effective from and after recording a claim of lien, executed and acknowledged by an officer or authorized agent of the Association, in the Office of the Judge of Probate of Lee County, Alabama, stating the legal description of the Condominium Parcel, the name of the Owner of record, the name and address of the Association, the amount claimed to be due and the due dates. The lien shall continue in effect until all sums secured by the lien shall have been fully paid or until such time as is otherwise permitted by law. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of lien, to be prepared by and recorded at such party's expense. All such liens shall be subordinate to any mortgage recorded prior to the date of recording the claim of lien, and all such liens may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. The Association may also sue to recover a money judgment for unpaid assessments without thereby waiving any claim of lien. In the event a Mortgagee shall obtain title to a Condominium Parcel as a result of the foreclosure of its mortgage, or in the event such Mortgagee shall obtain title to a Condominium Parcel as the result of a conveyance in lieu of foreclosure of its mortgage, such Mortgagee shall be liable for the unpaid Common Expenses and assessments that became due prior to the Mortgagee's acquisition of title, except to the extent that such liability is limited by Title 35, Chapter 8A, Ala. Code (1975). Nothing contained herein shall be construed as a modification of any rights or remedies of the Association pursuant to Title 35, Chapter 8A, Ala. Code (1975), except to the extent that the Condominium Documents allow additional remedies to those expressly set forth in said statute and to the extent that such additional remedies are permitted by said statute.

c. Personal Liability for Unpaid Assessments. Each Owner of a Unit is personally liable for all assessments made against the Unit pursuant to this Declaration and Title 35, Chapter 8A, Ala. Code (1975), and the Association may bring an action for a money judgment against a delinquent Owner to collect all sums due the Association, including interest, late charges, costs and reasonable attorney fees. In the event a Unit is owned by more than one person or entity, such owners shall be jointly and severally liable for all assessments made against the Unit.

d. Payments of Assessments. No Owner may withhold payment of any regular assessment or special assessment or any portion thereof because of any dispute which may exist between that Owner and the Association, the directors of the Association, the Management Company or the Developer or among any of them but, rather, each Owner shall pay all assessments when due pending resolution of any dispute.

e. Notice of Delinquent Assessments. Any Mortgagee, upon

written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any delinquency in the payment of assessments or charges owned by an Owner of a Unit subject to the mortgage of such Mortgagee where such delinquency has continued for a period of sixty (60) days.

8.3. Common Surplus. Each Owner shall own a share of the Common Surplus attributable to each Unit owned in accordance with Section 6.1 above.

8.4. Refunds of Common Surplus. If the Association shall refund all or a portion of any Common Surplus to the Owners for any fiscal year in which the Developer paid any assessment, such refund shall be prorated as of the date of closing of any sale of a Unit upon which the sale was closed by the Developer during such year, and the prorated amount allocable to the period of time of the Developer's ownership shall be refunded directly to the Developer by the Association.

8.5. Certificate. Any Owner shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Unit. The holder of a mortgage or other lien shall have the same right as to any Unit upon which it has a lien. Any person who relies upon such certificate shall be protected thereby.

ARTICLE IX

THE ASSOCIATION

The operation of the Condominium shall be by the Association, which shall fulfill its functions pursuant to the following provisions:

9.1. Membership in Association. Membership of each Owner in the Association shall be acquired pursuant to the provisions of the Articles of Incorporation and Bylaws of the Association. Each Unit shall have one (1) vote in the Association. Where a Unit is owned by more than one owner, the co-tenants of the Unit shall file a voting certificate with the Association, in accordance with the Articles and Bylaws of the Association, setting forth which cotenant is designated to cast the vote for that Unit.

9.2. Articles of Incorporation. A copy of the present Articles of Incorporation of the Association, which set forth its powers and duties, are attached hereto as Exhibit "B" and are incorporated herein by reference.

9.3. Bylaws. A copy of the present Bylaws of the Association are attached

hereto as Exhibit "C" and are incorporated herein by reference.

9.4. Limitation Upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair portions of the Condominium Property, the Association shall not be liable to Owners for injury or damage other than for the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association or caused by the elements or other Owners or persons.

9.5. Restraint upon Assignment of Shares and Assets. Each Owner's share in the funds and assets of the Association cannot and shall not be assigned, hypothecated or transferred in any manner except as an appurtenance to his Unit.

9.6. Transfer of Control of Association.

a. Owners of Units other than the Developer will be entitled to elect members of the board of directors of the Association as follows:

1) The Owners of Units other than the Developer shall be entitled to elect a majority of the members of the board of directors not later than the earliest of (i) 60 days after conveyance of 75 percent of the Units which may be created to Unit Owners other than Developer; (ii) two years after Developer has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add new Units was last exercised. Developer may voluntarily surrender the right to appoint and remove officers and members of the board before termination of that period, but in that event he may require, for the duration of the period of Developer control, that specified actions of the Association or board of directors, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective.

2) Not later than 90 days after conveyance of 25 percent of the Units which may be created to Unit Owners other than Developer, at least one member and not less than 25 percent of the members of the board must be elected by Unit Owners other than the Developer. Not later than 90 days after conveyance of 50 percent of the Units which may be created to Unit Owners other than Developer, not less than 33 1/3 percent of the members of the board must be elected by Unit Owners other than the Developer.

3) Nothing in this subparagraph shall be construed so as to preclude the Developer from relinquishing control of the board of directors at any time the Developer may so elect.

b. The Developer is entitled to elect at least one member of the board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5 percent of the Units in the Condominium operated by the Association.

c. Following the time the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned Units in the same manner as any other Owner except for purposes of requiring control of the Association or selecting the majority members of the board of directors.

9.7. Management Contract. As set forth in Article 7.2 above, the Association is authorized to contract for management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the Condominium Documents to have approval of the board of directors or members of the Association. A copy of the present agreement for the management of the Association with the Management Company is attached hereto as Exhibit "E". Notwithstanding any provisions contained in the Declaration to the contrary, it is the intent of this Declaration that the ability of the board of directors of the Association to independently terminate the Management Contract without a vote of the Owners as provided in Title 35, Chapter 8A, Ala. Code (1975) shall be governed solely by the terms and conditions of the Management Contract.

9.8. Availability of Documentation. The Association shall be required to make available to Owners, any Mortgagee and the holders and insurers of the first mortgage on any Unit, current copies of this Declaration, the Articles and Bylaws of the Association and other rules governing this Condominium and other books, records and financial statements of the Association. The Association also shall make available to prospective purchasers current copies of this Declaration, the Association Articles and Bylaws, other rules governing the Condominium and the most recent annual audited financial statement, if such is prepared. "Available" shall at least mean available for inspection upon request, during normal business hours or under other reasonable circumstances.

ARTICLE X

INSURANCE

The insurance other than title insurance, if any, that shall be carried upon the

Condominium Property shall be governed by the following provisions:

10.1. Authority to Purchase: Named Insured. All insurance policies upon the Condominium Property shall be purchased by the Association from a fiscally responsible company authorized to do business in the State of Alabama and shall have a minimum term of one year. In selecting an insurance carrier, the Association shall refer to and comply with the criteria set forth in the FNMA Conventional Home Mortgage Selling Contract Supplement and the FHLMC Sellers Guide for specific requirements regarding the qualifications of insurance carriers. The named insured shall be the Association individually and as agent for the Owners, without naming them, and as agent for their Mortgagees. Such policies shall provide that payments by the insurer for losses shall be made to the Association or the Insurance Trustee designated below, and all policies and their endorsements shall be deposited with the Association or the Insurance Trustee. Such policies shall also include a "condominium endorsement" which shall provide for recognition on any insurance trust agreement, waiver of the right of subrogation against Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively and that the policy is primary in the event the Owners have other insurance covering the same loss. Such policies shall also include, to the extent available and commonly required by prudent institutional mortgage investors in the area, an "Agreed Amount Endorsement", "Inflation Guard Endorsement" and/or "Demolition or Building Code Endorsement".

10.2. Personal Property of Owners. If desired, each Owner shall obtain insurance coverage upon his personal property at his own expense, and such insurance shall not be the responsibility of the Association.

10.3. Coverage.

a. Casualty. All buildings and improvements upon the Condominium Property shall be insured in an amount equal to one hundred percent (100%) of the current replacement cost, exclusive of land, foundation and excavation costs, and all other items normally excluded from coverage, and all personal property owned by the Association shall be insured for its current replacement cost, all as shall be determined from time to time by the board of directors of the Association. Coverage shall afford protection against:

(1) Loss or damage by fire and other hazards normally covered by a standard extended coverage endorsement;

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the Condominium Property, including floods and all other perils normally

covered by the standard "all risk" endorsement where such is available, including, but not limited to, vandalism and malicious mischief.

b. Public Liability. Public liability insurance shall be carried in such amounts and with such coverage as shall be required by the board of directors of the Association from time to time; provided, however, that such coverage shall in no event be in an amount less than One Million (\$1,000,000.00) per occurrence. Wherever and whenever it is possible and economically feasible to do so, the board of directors shall attempt to obtain adequate insurance protection in reasonably prudent coverages. Except as required herein, nothing in this Declaration shall be construed to require the board of directors to obtain such coverage as a condition precedent to the Association conducting business.

c. Worker's Compensation. Worker's compensation insurance shall be carried to the extent necessary to meet the requirements of law.

d. Fidelity insurance coverage shall be carried in the name of the Association for all officers, directors and employees of the Association and all other persons handling or responsible for funds of the Association. Where the Management Company has the responsibility for handling or administering funds of the Association, the Management Company shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee. The total amount of fidelity bond coverage required shall be in the amount required for each such officer, director or employee as set forth in Title 35, Chapter 8A, Ala. Code (1975), or in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or Management Company, as the case may be, at any given time during the term of each bond, whichever is greater, but in no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all Units plus reserve funds. The fidelity bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity bonds shall not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association. Such bonds must also provide that any FNMA servicer, on behalf of FNMA, must also receive such notice of cancellation or modification.

e. Such other insurance may be carried as the board of directors of the Association shall determine from time to time to be desirable.

10.4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

10.5. Insurance Trustee: Share of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and any Mortgagees as their interests may appear and shall provide that all proceeds covering property losses shall be paid to the Association or to a named Insurance Trustee (the "Insurance Trustee") if the board of directors shall so elect. All references to an Insurance Trustee herein shall apply to the Association if the board of directors elects not to appoint an Insurance Trustee. Any Insurance Trustee appointed by the board of directors shall be a commercial bank with trust powers authorized to do business in Alabama or another entity acceptable to the board of directors of the Association. The Insurance Trustee (other than the Association) shall not be liable for payment of premiums nor for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes stated herein for the benefit of the Owners and any Mortgagees in the following shares; provided, however, that such shares need not be set forth on the records of the Insurance Trustee:

a. Proceeds on Account of Damage to Common Elements. Proceeds on account of damage to Common Elements and shall be held in undivided shares for each Owner, such share being the same as the undivided share in the Common Elements appurtenant to each Unit.

b. Units. Proceeds on account of damage to Units when the building or Unit is not to be restored shall be held in undivided shares for each Owner of those Units or Unit, such share being the same as the undivided share in the Common Elements appurtenant to each Owner's interest.

c. Mortgagees. Such insurance policies shall contain the standard mortgage clause or equivalent endorsement (without contribution) which is commonly accepted by private institutional mortgage investors in the area in which the condominium is located and which appropriately names FNMA and FHLMC, if such corporations are Mortgagees. In the event a Mortgagee endorsement has been issued, any share for the Owner shall be held in trust for the Mortgagee and the Owner as their interests may appear; provided, however, that no Mortgagee shall have the right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions of such proceeds made to the Owner and Mortgagee pursuant to the provisions of this Declaration. Notwithstanding the foregoing, the Mortgagee shall have the right to apply or have applied to the reduction of its mortgage debt any or all sums of insurance proceeds applicable to its mortgaged interest in any of the following events:

(1) When its mortgage is not in good standing and is in default; or

(2) When insurance proceeds are insufficient to restore or repair the Unit to the condition existing prior to the loss and additional monies are not available for such purpose.

10.6. Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners of such proceeds in the following manner:

a. All expenses of the Insurance Trustee shall be paid first or provisions made for such payment.

b. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided herein. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners, remittances to Owners and any Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Mortgagee.

c. If it is determined in the manner provided herein that the damage for which proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners, remittances to Owners and any Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Mortgagee.

d. In making distribution to Owners and any Mortgagees, the Insurance Trustee may rely upon a certificate of the Association made by its president and secretary as to the names of the Owners and their respective shares of the distribution.

10.7. Association as Agent and Attorney-in-Fact. The Association is hereby irrevocably appointed agent and attorney-in-fact for each Owner to adjust all claims arising under the insurance policies purchased by the Association and to execute and deliver releases upon the payment of a claim.

10.8. Notice to Owners and Mortgagees. No insurance policy required by this Declaration may be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and each Mortgagee holding a first mortgage and which is listed as a scheduled holder of a first mortgage in the policies. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request therefor.

ARTICLE XI

RECONSTRUCTION OR REPAIR AFTER CASUALTY

11.1. Obligation to Reconstruct or Repair. If any part of the Condominium Property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

a. Common Elements. If the damaged improvement is a Common Element then the damaged property shall be reconstructed or repaired unless it is determined that the Condominium shall be terminated because of damage to Units as set forth in Article 11.1(b) below.

b. Units.

(1) Minor Damage. If the damage is to Units and if less than fifty percent (50%) of the Units are found by the board of directors of the Association to be untenable, the damaged property shall be reconstructed or repaired.

(2) Major Damage. If the damage is to Units and if fifty percent (50%) or more of the Units are found by the board of directors of the Association to be untenable, then the damaged property will be reconstructed or repaired unless within sixty (60) days after the casualty, the holders of ninety percent (90%) of all of the votes of the Association agree in writing to not reconstruct or repair and to terminate the Condominium. Any election to terminate the Condominium after substantial destruction or a substantial taking in condemnation of the Condominium Property must have the prior approval of the Mortgagees holding first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by Mortgagees are allocated.

c. Certificate. The Insurance Trustee may rely upon a certificate of the Association made by its president and attested by its secretary as to whether or not the damaged property is to be reconstructed or repaired.

11.2. Plans and Specifications. Any reconstruction or repairs must be substantially in accordance with the plans and specifications for the damaged property as originally constituted or, in lieu thereof, according to the plans and specifications approved by the board of directors of the Association. Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original Condominium plans and specifications unless the approval of the Mortgagees holding first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such Mortgagees are allocated is obtained.

11.3. Estimates of Cost. Prior to rebuilding or repairing damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

11.4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association or if at any time during reconstruction and repair or upon completion of reconstruction and repair the funds from insurance for the payment of the costs of reconstruction and repair are insufficient, special assessments shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs. Such special assessments shall be in proportion to the Owners' respective obligations for Common Expenses.

11.5. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the Association or the Insurance Trustee and funds collected by the Association through assessments against Owners, shall be disbursed in payment of such costs in the following manner

a. Association. If the total of assessments made by the Association in order to provide funds for the payment of costs of reconstruction and repair that are the responsibility of the Association is more than Fifty Thousand Dollars (\$50,000.00), then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee (if other than the Association). In all other cases the Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

b. Insurance Trustee. The proceeds of insurance collected on account of casualty and the sums deposited with the Insurance Trustee by the Association from collections of assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(1) Association: Minor Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon the order of the board of directors of the Association; provided however, that upon request by a Mortgagee that is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(2) Association: Major Damage. If the amount of the

estimated costs of reconstruction and repair that are the responsibility of the Association is more than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be applied by the Insurance Trustee to the payment of such costs and shall be paid to or for the account of the Association from time to time as the work progresses but not more frequently than once in any calendar month. The Insurance Trustee shall make payments upon the written request of the Association for withdrawal of insurance proceeds, accompanied by a certificate dated not more than fifteen (15) days prior to such request, signed by an officer of the Association and by an architect in charge of the work, who shall be selected by the Association, setting forth that the sum then requested either has been paid by the Association or is justly due to contractors, subcontractors, materialmen, architects or other persons who have rendered services or furnished materials in connection with the work, giving a brief description of the services and materials and any amounts paid prior to the request, and stating that the sum requested does not exceed the value of the services and material described in the certificate; that, except for the amount stated in such certificate to be due as aforesaid, there is no outstanding indebtedness known to the person signing such certificate after due inquiry which might become the basis of a vendor's, mechanic's, materialmen's or similar lien upon such work against the Common Elements or any Unit; and that the cost as estimated by the person signing such certificate of the work remaining to be done subsequent to the date of such certificate does not exceed the amount of insurance proceeds or other funds remaining in the hands of the Insurance Trustee after the payment of the sum so requested.

(3) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund; except, however, that only those portions of distribution to the beneficial owners in excess of assessments paid by an Owner to the construction fund shall be made payable to any Mortgagee.

(4) Certificate. Notwithstanding the provisions of this instrument, the Insurance Trustee shall not be required to determine whether sums paid by the Owners upon assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine the payee nor the amount to be paid. Instead, the Insurance Trustee may rely upon a Certificate of the Association made by its president and secretary as to any or all of such matters and stating that the sums to be paid are due and property payable and stating the name of the payee and the amount to be paid; provided, that when a Mortgagee is required in this instrument to be named payee, the Insurance Trustee shall also name the Mortgagee as a payee of any distribution of insurance proceeds to an Owner; and further provided, that when the Association or a Mortgagee that is

the beneficiary of an insurance policy whose proceeds are included in the construction fund so requires, the approval of an architect named by the Association shall be first obtained by the Association prior to disbursements in payment of costs of reconstruction and repair.

11.6. Eminent Domain. The Association is hereby empowered to defend and/or settle any action or threatened action with respect to the taking in condemnation of any portion of the Common Elements or any Unit or portion of any Unit. Upon obtaining knowledge of such action or threatened action, the Association shall notify all affected Mortgagees of record of same.

a. Common Elements. Any award or settlement made as a result of such a taking of all or a portion of the Common Elements shall be made payable to the Association. Any such award or settlement shall be held in trust by the Association for the benefit of the Owners and Mortgagees holding a first mortgage as their interests may appear. In the event any repair or restoration of the Common Elements is necessary in the opinion of a majority of the board of directors of the Association on account of such taking, or in the event a majority of the voting interests at a duly called and constituted meeting of the Association promptly approve such restoration or repair, the board of directors shall arrange for same and shall disburse such of the proceeds of such award or settlement as shall reasonably be necessary to effect such restoration or repair to the contractors engaged for such purpose in appropriate progress payments. The balance of such proceeds, or all of such proceeds if no determination to repair or restore is made, shall be disbursed by the Association in the same manner as insurance proceeds under Section 10.6 above where there is no repair or restoration of the damage.

b. Units. Any award or settlement for the taking in condemnation of a Unit shall be made payable to the Association for the benefit of the Owners thereof. In the event any repair or restoration of the Unit is necessary in the event a majority of the voting interests appurtenant to that Unit at a duly called and constituted meeting of the Association promptly approve such restoration or repair, the board of directors shall arrange for same and shall disburse such of the proceeds of such award or settlement as shall reasonably be necessary to effect such restoration or repair to the contractors engaged for such purpose in appropriate progress payments. The balance of such proceeds, or all of such proceeds if no determination to repair or restore is made, shall be disbursed by the Association as to the Owners of that Unit in the same manner as insurance proceeds under Section 10.6 above. If a temporary taking in condemnation of use (but not title) of a Unit occurs, the entire award or settlement for such temporary taking shall be paid to the Association for the benefit of the Owners of such Unit.

11.7. Notice to Mortgagees. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit

number at issue), will be entitled to timely written notice of any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such Mortgagee.

11.8. Consent Required for Reallocation of Interests in Common Elements.

No reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Condominium may be effected without the approval of the Mortgagees holding first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such Mortgagees are allocated.

ARTICLE XII

USE RESTRICTIONS

The use of the Condominium Property shall be in accordance with the following provisions as long as the Condominium exists:

12.1. Subdivision of Units. No Unit may be divided or subdivided into a smaller Unit.

12.2. Common Elements. The Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the personal use of the Owners, their guests and lessees and other authorized occupants of Units.

12.3. Nuisance. No nuisance shall be allowed upon the Condominium Property or within a Unit, nor any use or practice that is the source of annoyance to Owners or which interferes with the peaceful possession and proper use of the Condominium Property by the Owners. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate nor any fire hazard allowed to exist. No Owner shall permit any use of a Unit or make or permit any use of the Common Elements that will increase the cost of insurance upon the Condominium Property.

12.4. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or a Unit, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the Condominium Property or a Unit shall be the same as the responsibility for the maintenance and repair of the property concerned.

12.5. Signs. No "For Sale" or "For Rent" signs or other displays or advertising shall be maintained on any part of the Common Elements or Units except that the right is specifically reserved to the Developer (and entities affiliated with the Developer or employed by the Developer to market the Units), in its sole discretion, to place and maintain "For Sale" or "For Rent" signs on the Condominium Property.

12.6. Bicycles and Motorcycles. Bicycles and motorcycles shall not be stored on the Condominium Property except in such areas designated for this purpose.

12.7. Condominium Rules and Regulations. Reasonable rules and regulations concerning the use of Condominium Property may be promulgated and amended from time to time by the board of directors of the Association in the manner provided by its Articles of Incorporation and Bylaws. A copy of the present Condominium Rules and Regulations is attached hereto as Exhibit "D".

12.8. Developer's Use. The Developer, its agents or an entity affiliated with the Developer may make such use of the Common Elements and the Units as may facilitate the sale or rental of Units, including, but not limited to, showing of the property, maintaining a sales office within a Unit, maintaining a model Unit, and the display of signs and other promotional devices.

12.9. Antennas. No antennas of any type designed to serve a Unit shall be allowed on the Common Elements except as may be provided by the Association to serve as a master antenna for the benefit and use of the Condominium. No electrical or other equipment may be operated on the Condominium Property which interferes with broadcast or cable television signal reception.

ARTICLE XIII

ALIENABILITY OF UNITS

13.1. No Alienability Restrictions. The right of an Owner to sell, transfer, assign or hypothecate his Unit shall not be subject to the approval of the Association. Accordingly, a proper transfer or conveyance of such Unit shall not require the written approval of the Association.

13.2. Leasing and Rental Restrictions. Owners may lease or rent their Units in whole or in part for non-transient occupancy and no approval by the Association shall be necessary therefor. Owners shall be specifically permitted to rent portions of Units, it being the

intention of Developer to permit the Owner to rent individual bedrooms within a Unit to separate and unrelated persons. However, all lessees, as well as guests of Owners, shall be required to abide by the terms and conditions of this Declaration, as well as all Rules and Regulations adopted by the board of directors of the Association from time to time. Owners are prohibited from leasing Units or portions thereof for an initial term of less than thirty (30) days.

ARTICLE XIV

COMPLIANCE AND DEFAULT

14.1. Compliance and Default. Each Owner shall be governed by and shall comply with the terms of the Condominium Documents and the Condominium Rules and Regulations adopted pursuant to those documents and as they may be amended from time to time. Failure of an Owner to comply with the provisions of such documents and regulations shall entitle the Association or other Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including, but not limited to, an action for damages, an action for injunctive relief or an action for declaratory judgment. Failure of the Association to comply with the provisions of the Condominium Documents and the Condominium Rules and Regulations adopted pursuant to those documents and as they may be amended from time to time shall entitle the Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including, but not limited to, an action for damages, an action for injunctive relief or an action for declaratory judgment. All provisions of this Declaration shall be enforceable equitable servitudes and shall run with the land and shall be effective until the Condominium is terminated.

14.2. Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of an Owner or the Association to comply with the terms of the Condominium Documents or the Condominium Rules and Regulations adopted pursuant to them as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and recover such reasonable attorney fees as may be awarded by the Court, including all appeals and all proceedings in bankruptcy.

14.3. No Waiver of Rights. The failure of the Association or any Owner to enforce any covenant, restriction or other provision of Title 35, Chapter 8A, Ala. Code (1975), the Condominium Documents or the Condominium Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

14.4. Injunctive Relief. The Association may seek an injunction from a court of equity to compel or prohibit compliance or violation of the Condominium Documents regardless of whether an adequate remedy at law exists.

14.5. Governing Law: Waiver of Jury Trial: Venue of Actions. This Declaration shall be governed by, and shall be construed in accordance with, the laws of the State of Alabama, as the same may exist on the date of recording hereof. The Association, an Owner or Owners, the Developer, the Management Company and any other party claiming rights or obligations by, through or under this Declaration, or two or more of the foregoing, each hereby waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against the others concerning the interpretation, construction, validity, enforcement or performance of this Declaration or any other agreement or instrument executed in connection with this Declaration. In the event any such suit or legal action is commenced by any party, the other parties hereby agree, consent and submit to the personal jurisdiction of the circuit court for the county in which the Condominium is situated, with respect to such suit or legal action, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party hereby waives any and all personal rights under applicable law or in equity to object to the subject matter or personal jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

ARTICLE XV

AMENDMENTS

15.1. By Owners. Except as otherwise provided herein, this Declaration may be amended in the following manner:

a. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered.

b. Resolution. A resolution for the adoption of a proposed amendment shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered.

c. Adoption. A resolution amending the Declaration shall be adopted in the following manner:

(1) Board of Directors. Until the first election of a majority of the directors of the Association by Owners other than the Developer, proposal of any amendment and approval thereof shall require only the affirmative action of two-thirds (2/3) of the entire membership of the board of directors of the Association, and no meeting of the

Owners nor any approval thereof need be had. However, no amendment may, unless specifically approved as provided in Section 15.1(c)(2) or below:

(a) change the configuration, boundaries or size of any Unit in any material fashion;

(b) materially alter or modify the appurtenances to the Unit, including voting rights, rights to use Common Elements, interests in Common Elements or or the leasing of Units;

(c) materially amend any provision regulating assessments, assessment liens or subordination of liens;

(d) materially amend any provision regarding reserves for maintenance, repair and replacement of the Common Elements;

(e) materially amend any provision regarding insurance or fidelity bonds;

(f) materially amend any provision regarding the responsibility for maintenance and repair of the Condominium;

(g) materially amend any provision regarding expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

(h) impose any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey a Unit;

(i) establishes self-management by the Association where professional management has been required by any Mortgagee;

(j) which address the convertibility of Units into Common Elements or Common Elements into Units; or

(k) which changes the proportion or percentage by which an Owner shares the Common Expenses and owns the Common Surplus.

(2) Board of Directors and Owners. In addition to the procedure set forth above and after the first election of a majority of the directors of the Association by Owners other than the Developer, a resolution for the adoption of a proposed

amendment may be proposed by the board of directors of the Association or by the Owners. Owners may propose such an amendment by instrument in writing directed to the president or secretary of the board signed by not less than holders of thirty-three percent (33%) of all of the votes of the Association. Amendments may be proposed by the board of directors by action of a majority of the board at any regularly constituted meeting thereof. Upon an amendment being proposed as herein provided, the president or, in the event of his refusal or failure to act, the board of directors, shall call a meeting of the Owners to be held not sooner than fifteen (15) days nor later than sixty (60) days thereafter for the purpose of considering said amendment. Directors and Owners not present at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the meeting. Except as provided herein, such approvals must be by:

(a) not less than sixty-seven percent (67%) of the entire membership of the board of directors and not less than sixty-seven percent (67%) of the votes of the Association; or

(b) an agreement signed and acknowledged by all Owners in the manner required for the execution of a deed; and

(3) Any amendment listed under Section 15.1 (c)(1) requires the consent of those Mortgagees providing notice to the Association under Section 15.3 below. Any amendment which would adversely affect Mortgagees must have the prior written consent of Mortgagees holding a first mortgage on Units to which at least fifty-one percent (51 %) of the votes of the Association appertain and the prior written consent of Owners representing not less than sixty-seven percent (67%) of all of the votes of the Association.

d. Execution and Recording. Each amendment shall be attached to or shall contain a certificate certifying that the amendment was duly adopted, and the certificate shall be executed by the president of the Association and attested by the secretary with the formalities of a deed, and said amendment shall be effective upon recordation of the amendment and certificate in the Office of the Judge of Probate of Lee County, Alabama.

15.2. By the Developer. The Developer reserves the right at any time, so long as it owns any of the Units in the Condominium, to unilaterally amend this Declaration as it may deem appropriate, in its sole discretion, to carry out the purposes of the project, or as may be required by any lending institution, FHA, VA, FHLMC, FNMA, title insurance company or public body or as may be necessary to conform the same to the requirements of law or to facilitate the operation and management of the Condominium or the sale of Units in an FHA/VA approved condominium. Any amendments to this Declaration which may be unilaterally made by the Developer shall become effective upon the recording in the Office of the Judge of Probate of Lee County, Alabama, of an instrument executed solely by the

Developer, setting forth the text of such amendment in full, together with the appropriate recording data of this Declaration.

No amendment to this Declaration unilaterally made by the Developer shall be permitted if such amendment would: (i) change the configuration, boundaries or size of any Unit in any material fashion; (ii) materially alter or modify the appurtenances to any Unit, including voting rights, rights to use Common Elements, interests in the Common Elements or the leasing of Units; (iii) which materially changes the proportion or percentage by which the Owners share the Common Expenses and own the Common Surplus; (iv) which materially amends any provision contained within this Declaration, the Association Articles or Bylaws regulating assessments, assessment liens or the subordination of liens, reserves for maintenance, repair or replacement of Common Elements; (v) which materially modifies the responsibility for maintenance and repair of the Condominium Property; (vi) which materially modifies the provisions regarding expansion or contraction of the Condominium or the addition annexation or withdrawal of property to or from the Condominium; (vii) which addresses the convertibility of Units into Common Elements or Common Elements into Units; (viii) which imposes any right of first refusal or similar restrictions on the right to transfer or otherwise convey a Unit; (ix) which establishes self-management by the Association where professional management has been required by any Mortgagee; or (x) which materially amends any provision in this Declaration regarding insurance or fidelity bonds.

15.3. Notice to Mortgagees. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any proposed amendment to this Declaration affecting a change in the boundaries of any Unit or the exclusive easement rights appertaining thereto, the interest in the Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto, the number of votes in the Association appertaining to any Unit or the purposes to which any Unit or the Common Elements are restricted.

ARTICLE XVI

TERMINATION

The Condominium may be terminated in the following manners, in addition to the manner provided by Title 35, Chapter 8A, Ala. Code (1975):

16.1. Agreement. The Condominium may be terminated at any time upon prior notification to the Division by the approval in writing of all Owners and all Mortgagees of record. Notice of a meeting at which the proposed termination is to be considered shall be given not less than thirty (30) days prior to the date of such meeting.

16.2. Termination Through Condemnation. The Condominium shall only be terminated by virtue of a condemnation action if all Condominium Property is taken in condemnation. If less than all of the Condominium Property is taken in condemnation, the Condominium shall continue as to those portions of the Condominium Property not so taken.

16.3. Certificate. Termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by its president and secretary certifying to the facts effecting the termination, said certificate to become effective upon being recorded in the Public Records of Lee County, Alabama.

16.4. Shares of Owners after Termination. After termination of the Condominium, each Owner shall own an undivided share of the Condominium Property and all assets of the Association as a tenant in common in accordance with Exhibit "D".

16.5. Notice to Mortgagees. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any proposed termination of the Condominium.

ARTICLE XVII

VOTING RIGHTS

Association Membership and Voting. Each Unit shall have one (1) vote in the Association. Where a Unit is owned by more than one owner, the co-tenants of the Unit shall file a voting certificate with the Association, in accordance with the Articles and Bylaws of the Association, setting forth which co-tenant is designated to cast the vote for that Unit.

ARTICLE XVIII

MERGER

This Declaration, the Association and the Common Elements of the

Condominium described herein may be merged with the declaration of condominium, condominium association and common elements of another independent and separate condominium to form a single condominium with the consent of sixty-six and two-thirds percent (66 2/3%) of the total number of voting interests and with the approval of all of the record owners of liens on the Units. In the event such consent and approval is obtained, a new or amended declaration of condominium, articles of incorporation and bylaws of the Association shall be recorded and shall contain such provisions as are necessary to amend and modify the appurtenances to the Units and percentages by which the Owners of Units share the Common Expenses and own the Common Surplus and Common Elements in order to create a consolidated single condominium.

ARTICLE XIX

SEVERABILITY

The invalidity in whole or in part of any covenant or restriction, or any article, section, subsection, sentence, clause, phrase or word, or other provision of the Condominium Documents and the Condominium Rules and Regulations shall not affect the validity of the remaining portions.

ARTICLE XX

DEVELOPMENT DESCRIPTION

20.1. Description of Phasing. It is the intention of the Developer to develop the condominium in phases in accordance with Title 35, Chapter 8A, Ala. Code (1975). Phase I of the Condominium will consist of five (5) three-story buildings containing 12 Units each. Each floor will contain four (4) Units. Phase I will also consist of a basketball court, a beach volleyball court, a swimming pool with pool deck, cabana and fitness room. with no dwelling units. Phase II of the Condominium will consist of five (5) three-story buildings (four buildings with 12 Units and one building with 8 Units) The Unit types in Phases I and II will be two, three, and four-bedroom Units. The legal description and site plan for Phases I-II are more fully set forth in the attached Exhibit "A"

Time-share estates will not be created with respect to units in any Phase of the Condominium.

<u># of Buildings</u>	<u>Est Date of Completion</u>
Five	1 August 2002
Five	1 August 2003

20.2 Impact of Phasing: Change in Ownership of Common Elements and Common Surplus and Share of Common Expenses. The impact which the completion of additional phases would have upon the condominium would be to increase the number of buildings in the Condominium from a minimum of 5 up to a maximum of 10, and to increase the number of Units and Owners in the Condominium from a minimum of 60 to a maximum of 116. The change in ownership of Common Elements and Common Surplus and the change in the share of Common Expenses attributable to each Unit by the addition of phases shall be determined in accordance with the formula set forth in Exhibit "D" attached hereto and incorporated herein by this reference.

20.3. Completion of Phases. The Developer may submit additional phases, if at all, to condominium ownership in its sole and absolute discretion. Alabama law allows the Developer up to seven (7) years from the date of recording of this Declaration to complete construction of additional phases and declare such phases as part of the Condominium. The Developer also specifically reserves the right to amend this Declaration and Exhibit "A" attached hereto, without the approval of the Owners and consistent with Alabama law, to change the estimated completion dates of any phase (provided, however, all phases must be completed if declared within seven years of the date hereof), to add to any recreational facilities proposed for any phase and/or to change any of the items required to be included in this Declaration for any the Development by Section Title 35, Chapter 8A, Ala. Code (1975).

20.4. Recreational Areas, Facilities and Parking Spaces. The recreational areas, facilities and parking spaces located within Phases I-II are described in the attached Exhibit "A". The Developer expressly reserves the right to add recreational facilities to the Condominium at the Developers cost as part of the phase development process and such recreational facilities will become part of the Common Elements of the Condominium and will be maintained by the Association at Association expense. As set forth in Paragraph 20.3 above, the Developer reserves the right to amend Exhibit "A" attached hereto to add any recreational facilities proposed for any future phase of Condominium development.

20.5 Notice. The Developer shall notify Owners of the decision not to construct particular phases. Notice shall be sent by regular mail addressed to each Owner at his last known address.

20.6. Additions. Additional phases may be added to this Condominium and shall become Condominium Property by the execution and recording in the Office of the Judge of Probate for Lee County, Alabama, of an amendment to this Declaration executed by the

Developer, its successors or assigns only, and such amendment shall not require the execution or consent of any Owners other than the Developer.

20.7. Minimum and Maximum Numbers and General Size of Units: Reservation of Right to Change Unit Size. Developer reserves the right to change the size and type of Units and the mix of Unit types within all phases at its sole discretion and without notice to Owners.

IN WITNESS WHEREOF, the Developer has executed this Declaration of Condominium on this 17th day of April, 2002.

IN THE PRESENCE OF:

The Edge at Auburn, L.P
By: The Edge at Auburn Partners, L.L.C.
Its: General Partner
By: University Housing Group, Inc.
Its: Managing Member

By:
Wesley C. Bradley, President

STATE OF VIRGINIA)
COUNTY OF ROANOKE) ss
CITY

The undersigned notary public hereby certifies that Wesley C. Bradley whose name is signed to the foregoing instrument as an authorized officer of University Housing Group, Inc., Managing Member of The Edge at Auburn Partners, L.L.C., General Partner of the Developer, and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of The Edge at Auburn, L.P. on the day the same bears date.

Given under my hand and seal on this 17 th day of APRIL, 2002.

Cynthia E. Ely
Notary Public
My Commission Expires: 7-31-02

[seal]

EXHIBIT A

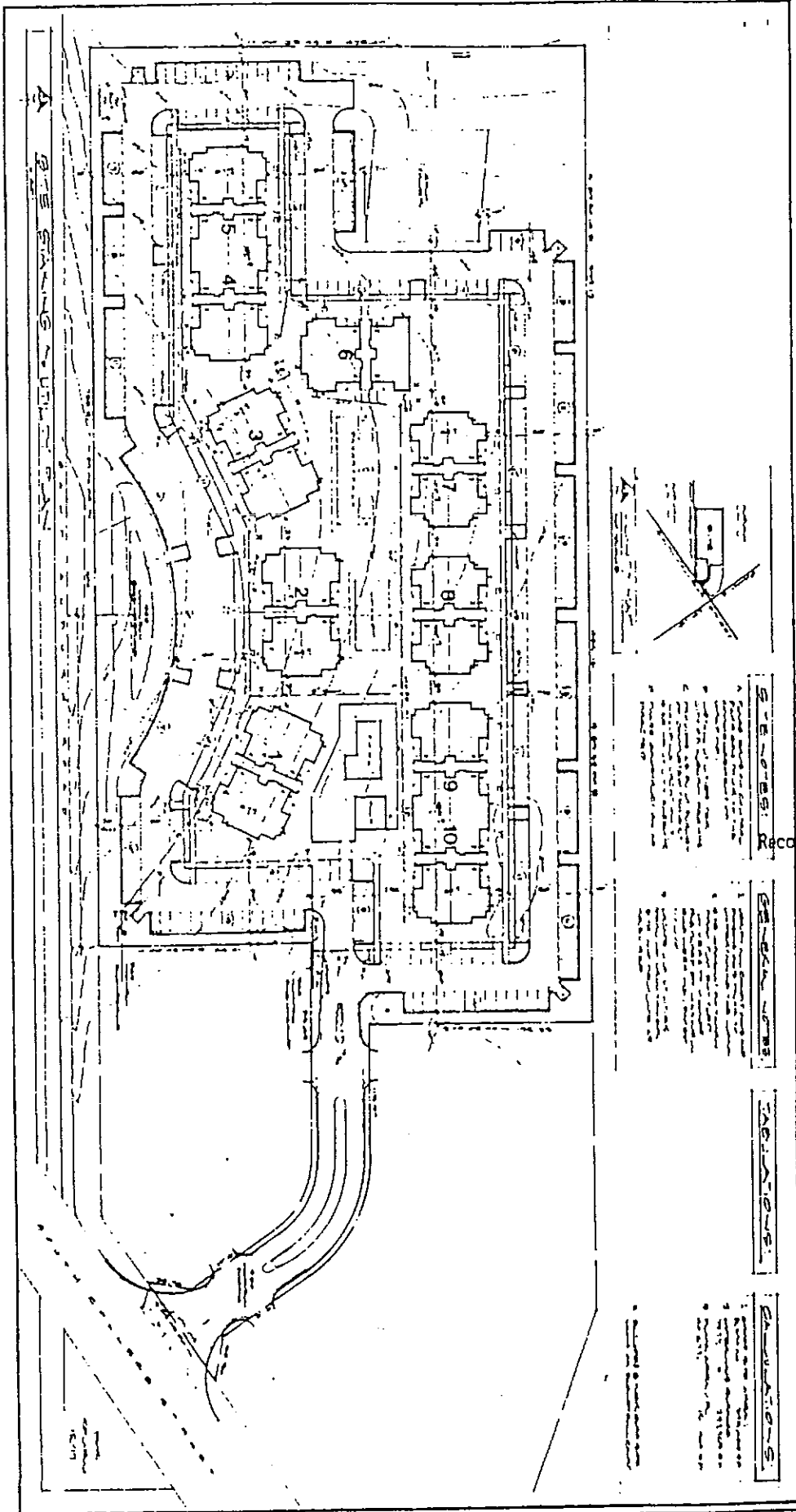
- 1) Legal Description
- 2) Survey, Site Plan for Development (showing Phased Developments)
- 3) Floor Plan of Unit Types
- 4) Typical Building Plans

CONDO 6A 71
Recorded In Above Book and Page
04/18/2002 03:32:41 PM
BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

Legal Description

Lot Number Two (#2) of University Village Subdivision as shown on plat recorded at Plat Book 23, Page 4, in the Office of the Judge of Probate for Lee County, Alabama.

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04/18/2002 03:32:41 PM
BILL ENGLISH
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LEE COUNTY

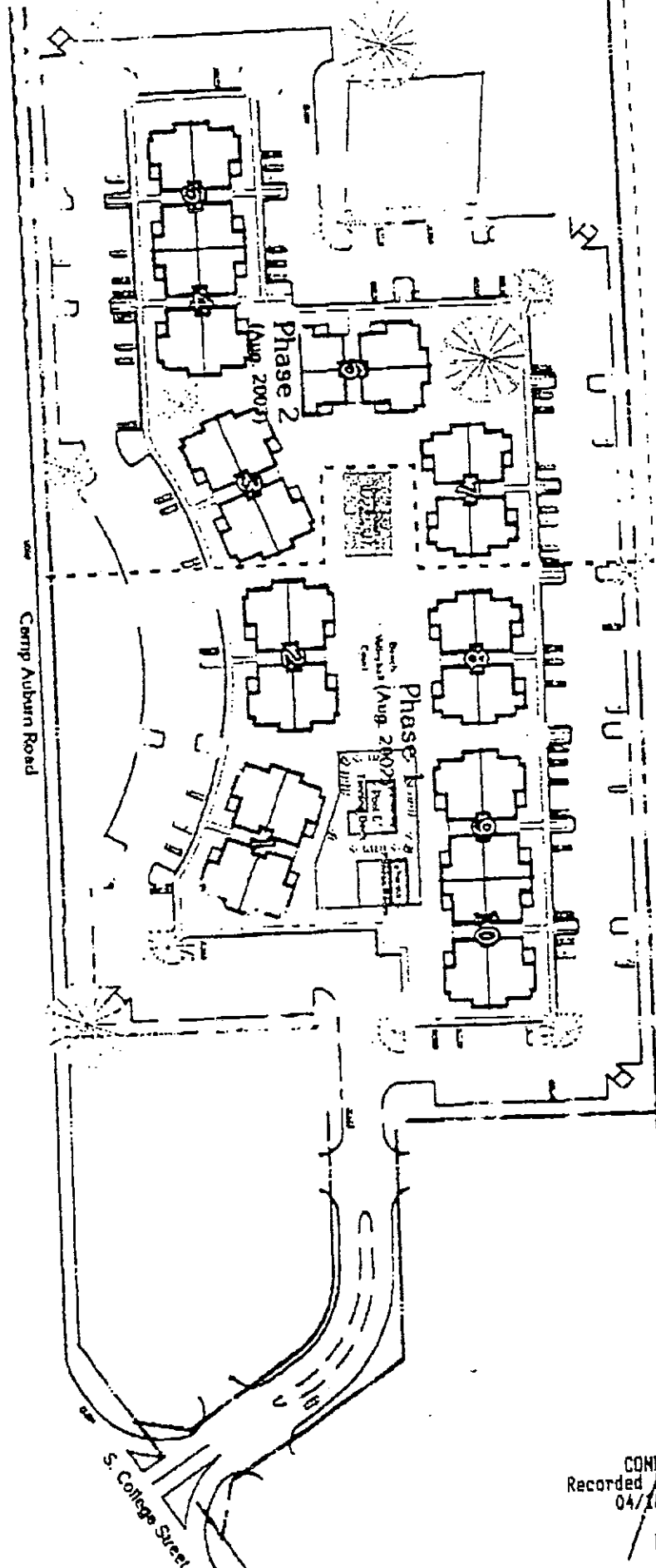


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LEE COUNTY

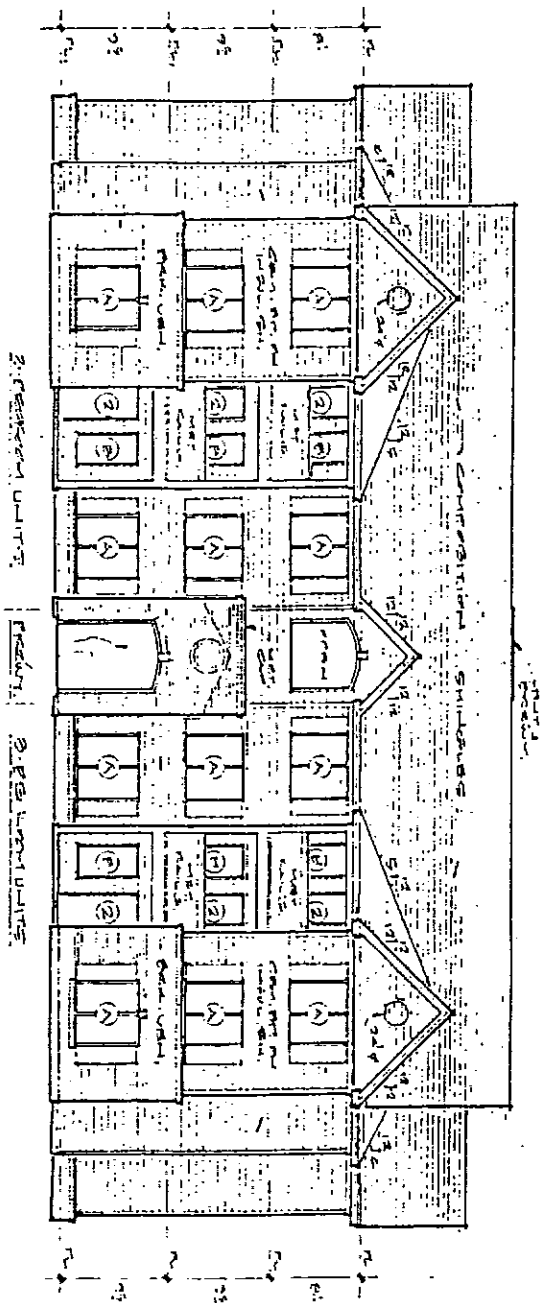
The Edge CONDOXIMING ENGINEERING

Charles Robert Mancaster
Architect/Planner/Contractor

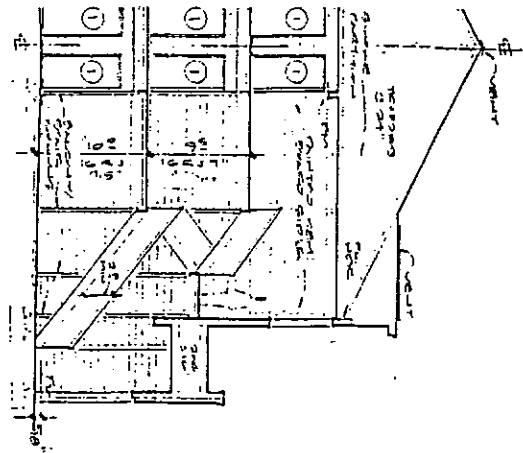


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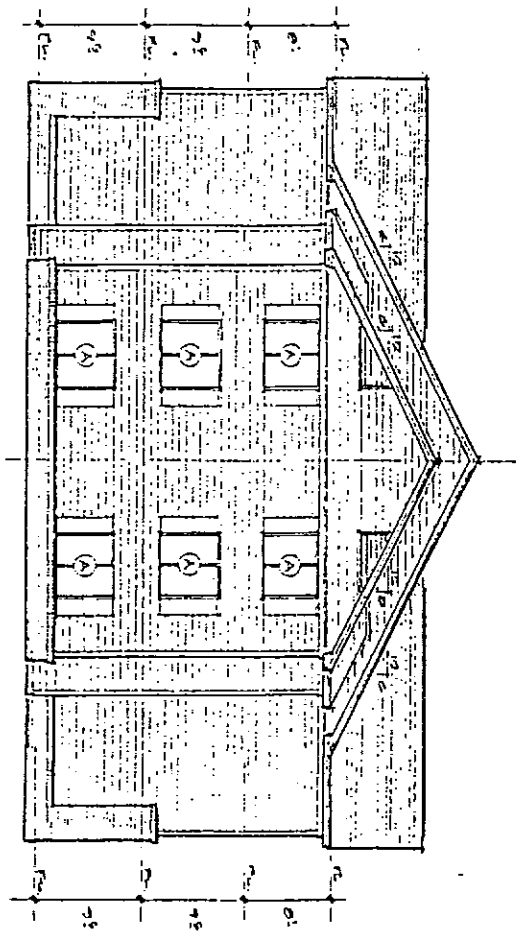
WEST AND SEAS ELEVATION



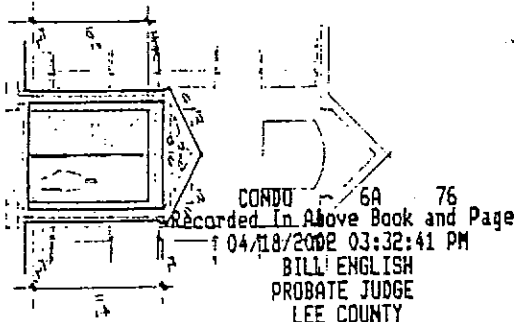
SOUTH ELEVATION



TYPICAL BUILDING ELEVATION



ENTRY SECTION



CONDO 6A 76
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 LEE COUNTY

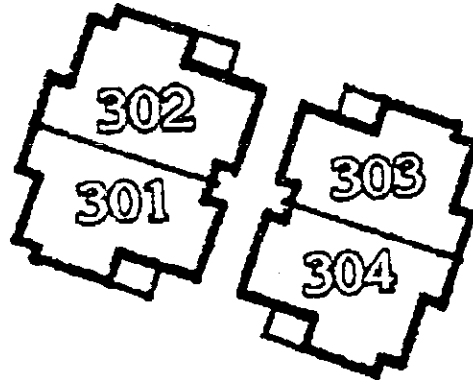


The Edge

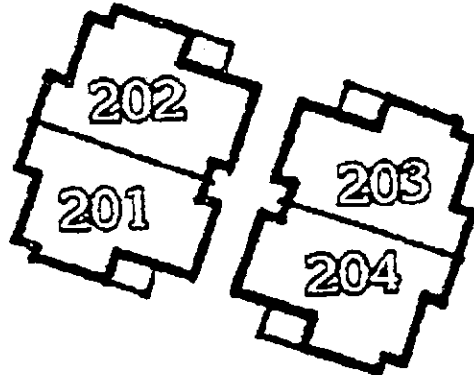
Building Plan



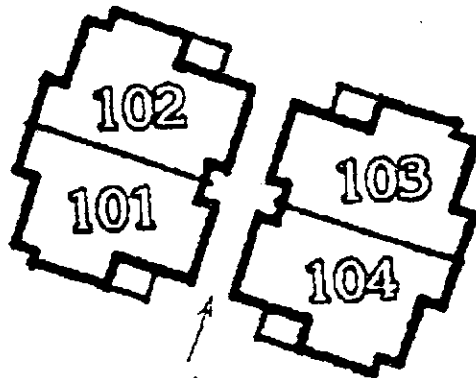
Third Floor



Second Floor



First Floor



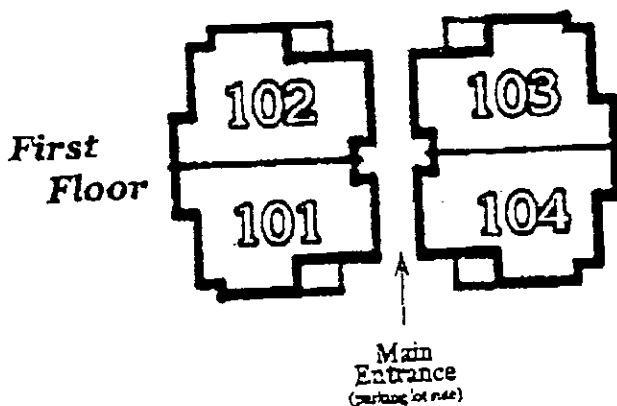
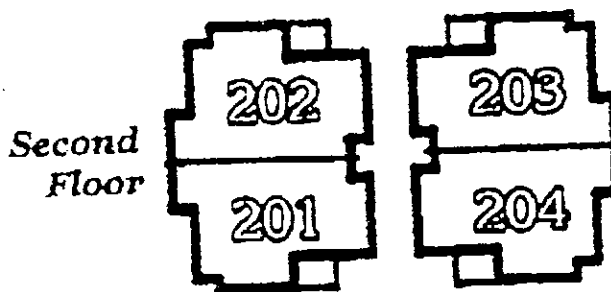
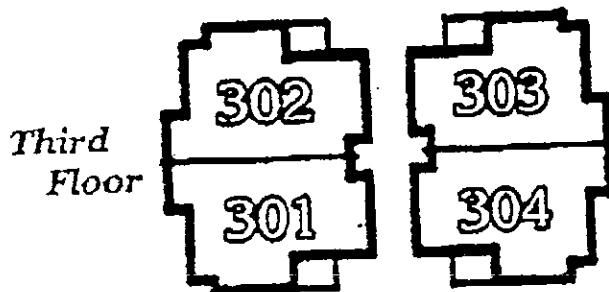
Main Entrance
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 LEE COUNTY

Building 1

The Edge

Building Plan



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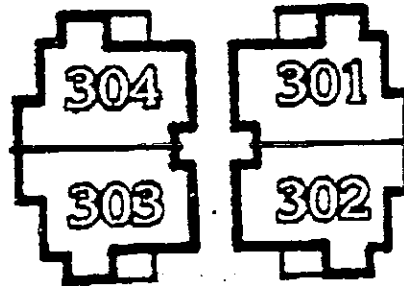
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The Edge

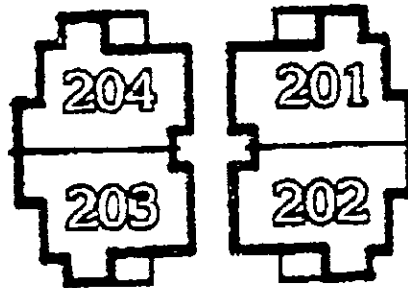
Building Plan



Third Floor

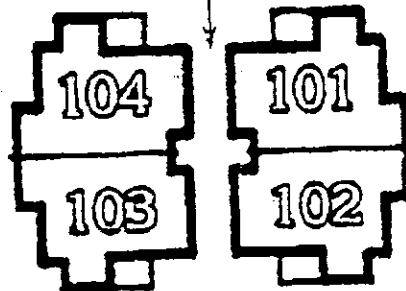


Second Floor



Main Entrance
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First Floor

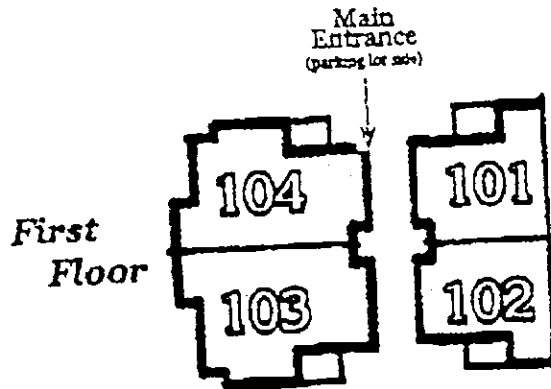
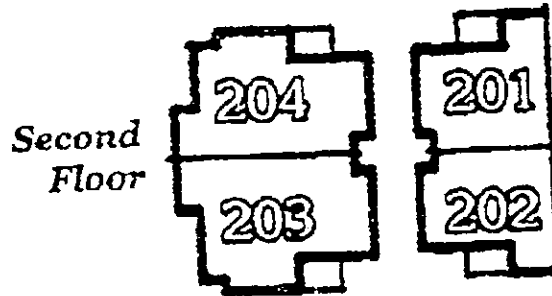
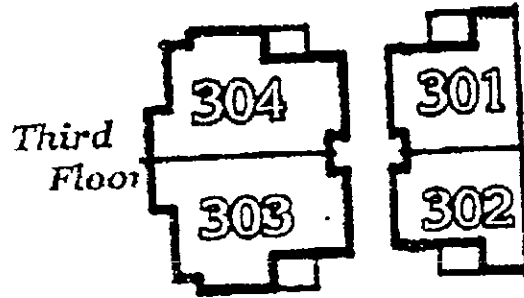


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LEE COUNTY

Building 8

The Edge

Building Plan



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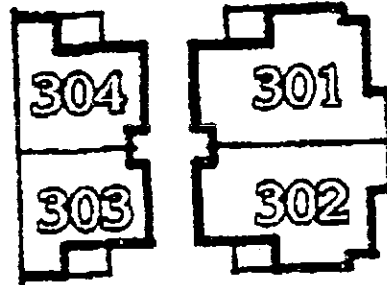
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The Edge

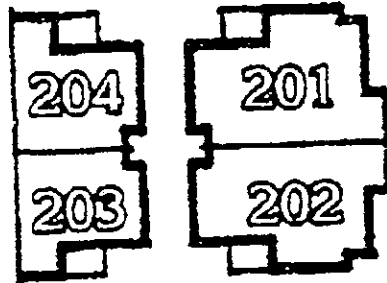
Building Plan



Third Floor

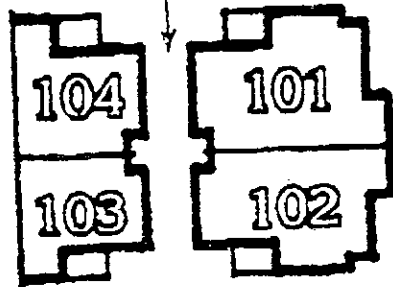


Second Floor



Main Entrance
(parking lot side)

First Floor



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Building 10

Exhibit B

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LEE COUNTY

FILED IN OFFICE THIS
18 day of April 20 02
Bill English
Judge of Probate

 COPY

ARTICLES OF INCORPORATION
OF
THE EDGE AT AUBURN CONDOMINIUM ASSOCIATION, INC.
(An Alabama Nonprofit Corporation)

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Alabama Nonprofit Corporation Act (Sections 10-3A-1, *et. seq.* (Ala. Code (1975))) hereby adopt the following Articles of Incorporation and certify as follows:

ARTICLE I
Name

The name of the corporation is "The Edge at Auburn Condominium Association, Inc." (hereinafter referred to as the "Association").

ARTICLE II
Duration

The period of duration of the Association shall be perpetual.

ARTICLE III
Definitions and Purposes

1. Unless otherwise defined herein, all capitalized terms shall have the meaning given such terms in the Declaration (as defined below).
2. The purposes for which the Association is organized is to manage, operate and maintain the condominium to be known as The Edge at Auburn Condominium, hereinafter referred to as the "Condominium" or "Condominium Property", in accordance with the Declaration of Condominium of The Edge at Auburn Condominium (hereinafter the "Declaration"). All terms used in these Articles of Incorporation shall have the same meaning as the identical terms utilized in the Declaration, unless the context otherwise requires.
3. The Association shall have no capital stock and shall make no distribution of income or profit to its members, directors or officers.

ARTICLE IV
Powers

1. The Association shall have all of the common law and statutory powers of a nonprofit corporation which are not in conflict with the terms of these Articles.

2. The Association shall have all of the powers reasonably necessary to implement the purpose of the Association, including but not limited to the following:
 - a. To adopt a budget and make and collect assessments against members to defray the costs of the Condominium.
 - b. To use the proceeds of assessments in the exercise of its powers and duties.
 - c. To maintain, manage, repair, replace and operate the Condominium Property.
 - d. To reconstruct improvements after casualty and construct further improvements to the Condominium Property.
 - e. To promulgate and amend the Condominium Rules and Regulations respecting the use of Condominium Property.
 - f. To enforce by legal means the provisions of the various Condominium Documents, these Articles, the Bylaws of the Association and the Condominium Rules and Regulations.
 - g. Pursuant to the terms of the Declaration, to contract for the management of the Condominium and the delegate to such contractor all powers and duties of the Association except such as are specifically required by the various Condominium Documents and applicable law to have approval of the board of directors or the members of the Association. Notwithstanding any provisions contained in these Articles to the contrary, it is the intent of these Articles that the ability of the board of directors of the Association to independently terminate a contract for the management of the Condominium without a vote of the Owners shall be governed solely by the terms and conditions of said management contract.
3. All funds and the titles to all property acquired by the Association and the proceeds thereof shall be held only for the benefit of the members in accordance with the provisions of the Condominium Documents.
4. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration.

ARTICLE V
Initial Registered Office and Agent

The location and mailing address of the initial registered office of the Association, and the name of

its initial registered agent at such address, are as follows:

Russell C. Balch
AKRIDGE & BALCH, P.C.
Attorneys at Law
730 N. Dean Rd., Suite 300
Auburn, AL 36830

ARTICLE VI
Nonstock and Nonprofit Status

The Association shall have no capital stock, is not organized for profit, and does not contemplate pecuniary gain or profit to the members thereof. No part of the earnings of the Association shall inure to the benefit of any member, individual officer, or director. The Association does not contemplate the distribution of gains, profits, or dividends to the members thereof and is organized solely for nonprofit purposes.

ARTICLE VII
Members

The qualifications of members, the manner of their admission, and voting by members shall be as follows:

- a. All Owners shall be members of this Association and no other persons or entities shall be entitled to membership. Any Owner shall be entitled to one (1) vote for each Unit which he may own.
- b. Changes in membership in the Association shall be established by the recording in the Office of the Judge of Probate of the County in which the Condominium is situated, a Deed or other instrument establishing a change of record title to a Unit in the Condominium, and the delivery to the Association of a copy of such recorded instrument. The new Owner designated by such instrument shall thereby become a member of the Association. The membership of the prior Owner shall thereby terminate.
- c. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his Unit.

ARTICLE VIII
Directors

1. The affairs of the Association will be managed by a board of directors of not less than three (3) nor more than seven (7) directors as shall be determined by the Bylaws, and in the

absence of such determination shall consist of three (3) directors.

2. Directors of the Association shall be appointed or elected at the annual meeting of the members in the manner determined by the Bylaws.
3. The following persons shall serve as directors until their successors are elected or appointed as provided in the Bylaws:

Robert N. Bradley
2117 Rosalind Avenue
Roanoke, VA 24014

Wesley C. Bradley
2117 Rosalind Avenue
Roanoke, VA 24014

Alma Martin
2117 Rosalind Avenue
Roanoke, VA 24014

(b) **Removal.** The members of the Association shall have the right at any time and from time to time to remove any Director, either with or without cause, and may appoint a successor to such removed Director. Any vacancies which may thereafter arise on the Board shall be filled as provided in the Bylaws.

(c) **Powers.** Except as may be otherwise provided to the contrary in the Declaration, these Articles of Incorporation or the Bylaws of the Association, all powers of the Association shall be exercised by or under authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

(d) **Conflicts of Interest.** No contract or other transaction between the Association and one or more of its Directors or any other corporation, firm association, or entity in which one or more of its Directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest. Any Director of the Association or any corporation, firm, association, or entity of which any Director of the Association is a director or officer or is financially interested may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that such relationship or interest in such contract or transaction shall be disclosed or known to the Board of Directors at a meeting of the Board of Directors or a committee thereof which authorized, approves, or ratifies such contract or transaction and, if such fact shall be disclosed or known, any Director so related or interested may be counted in determining a quorum at such meeting and may vote on such matter or action with the same force and effect as if he were not so related or interested. Any Director of the Association may vote on any contract or other transaction between the Association and any affiliated corporation without

regard to the fact that he is also a director of such affiliated corporation.

ARTICLE IX
Incorporators

The names and addresses of each incorporator is as follows:

The Edge at Auburn, L.P.
2117 Rosalind Avenue
Roanoke, VA 24014

ARTICLE X
Distribution of Assets upon Dissolution

- (a) Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:
 - (i) Real property contributed to the Association without the receipt of other than nominal consideration by The Edge at Auburn, L.P., shall be returned to The Edge at Auburn, L.P., unless it refuses to accept the conveyance (in whole or in part);

and

- (ii) Unless otherwise agreed to the contrary in the plan of distribution, all remaining assets shall be distributed among the members of the Association, as tenants in common, with each member's share of the assets to be determined in accordance with its voting rights.
- (b) Dissolution of the Association shall be accomplished as set forth in the Alabama Nonprofit Corporation Act.

ARTICLE XI
Power of President and Vice President to Execute Documents

The president and each Vice President of the Association shall each have the authority to execute all instruments, documents, and contracts on behalf of the Association.

ARTICLE XII
Indemnification of Officers, Directors, Employees, and Agents

- (a) The association shall indemnify any person who was or is a party or is threatened to be made

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

- (b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed claim, action, or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate, or wanton misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which court shall deem proper.
- (c) To the extent that a Director, officer, employee, or agent of the Association has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Paragraphs 12(a) and (b) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue, or matter in any such action, suit or proceeding.
- (d) Any indemnification under Paragraphs 12(a) and (b) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee, or agent is proper in the circumstances

because he has met the applicable standard of conduct set forth in Paragraphs 12(a) and (b) above. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to such claim, action, suit, or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by a majority vote of the members of the Association.

- (e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit, or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit, or proceeding as authorized in the manner provided in Paragraph 12(d) above upon receipt of an undertaking by or on behalf of the Director, officer, employee, or agent to repay such amount if and to the extent that it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Paragraph 12.
- (f) The indemnification authorized by this Paragraph 12 shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of these Articles of Incorporation, Bylaw, agreement, vote of members or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- (g) The Association shall have power to purchase and maintain insurance in behalf of any person who is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Paragraph 12.

ARTICLE XIII

Bylaws

The Bylaws shall be adopted by the board of directors and may be altered, amended or rescinded by not less than two-thirds (2/3) of all the directors until the first election of a majority of directors by Owners other than the Developer. Thereafter, the Bylaws may be altered, amended or rescinded as provided therein.

ARTICLE XIV

Amendment

Amendments to these Articles of Incorporation shall be proposed and adopted in the following manner:

8. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
9. Until the first election of a majority of directors by members other than the Developer, proposal of an amendment and approval thereof shall require the affirmative action of two-thirds (2/3) of the entire membership of the board of directors, and no meeting of the members nor any approval thereof need be had.
10. After the first election of a majority of directors by members other than the Developer, a resolution approving a proposed amendment may be proposed by either the board of directors or by the members of the Association, and after being proposed and approved by one of such bodies, requires the approval of the other body. Except as otherwise provided herein, such approvals must be by not less than two-thirds (2/3) of all the directors and by not less than a three-fourths (3/4) vote of the members of the Association at a duly called meeting of the Association. Directors and the members not present at the meeting considering the amendment may express their approval in writing ten (10) days after such meeting.
11. An amendment when adopted shall be effective when recorded in the Office of the Judge of Probate of the county in which the Condominium is situated.
12. At any time prior to the first election of a majority of directors by members other than the Developer, these Articles of Incorporation may be amended by the Developer without the approval of the board of directors or the membership of the Association as may be required by any governmental entity or institutional lender, the FHA, FNMA, VA or as may be necessary to conform these Articles to any governmental statutes.
13. Any amendments to these Articles shall be in accord with the terms and provisions of the Declaration which sets forth additional voting and approval requirements with respect to certain types of amendments.

ARTICLE XV
Incorporation by Reference

All of the terms, provisions, definitions, covenants, and conditions set forth in the Declaration are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions, covenants, and conditions set forth herein and the Declaration, then the provisions of the Declaration shall at all times control.

ARTICLE XVI
Special Meetings

Special members' meetings shall be held whenever called by the president or vice president or by a majority of the board of directors and must be called by such officers upon receipt of a written request from fifty percent (50%) of the members of the Association, unless otherwise provided by law.

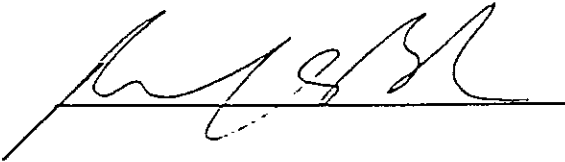
IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed its name to these Articles of Incorporation as of this the 17th day of April, 2002.

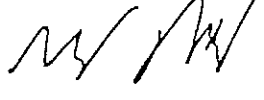
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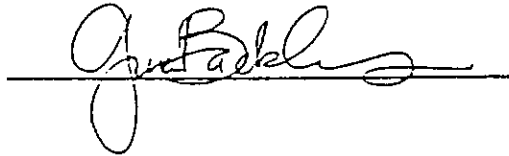
THE EDGE AT AUBURN, L.P.

By: The Edge at Auburn Partners, L.L.C., General Partner

By: University Housing Group, Inc., Managing Member




By: 
Wesley C. Bradley, President



STATE OF VIRGINIA)
COUNTY OF ROANOKE) ss
CITY

The undersigned notary public hereby certifies that Wesley C. Bradley whose name is signed to the foregoing instrument as President of University Housing Group, Inc., Managing Member of The Edge at Auburn Partners, L.L.C., General Partner of The Edge at Auburn, L.P., and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of said corporation, limited liability company, and limited partnership on the day the same bears date.

Given under my hand and seal on this 17 th day of April, 2002.


Notary Public
My Commission Expires: 7-31-02

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Exhibit C

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LEE COUNTY

**BYLAWS
OF
THE EDGE AT AUBURN CONDOMINIUM ASSOCIATION, INC.,
(an Alabama Nonprofit Corporation)**

I. IDENTITY

These are the Bylaws of The Edge at Auburn Condominium Association, Inc., a corporation not-for-profit under the laws of the State of Alabama, hereinafter referred to as the "Association" and under the Articles of Incorporation (the "Articles") which have been duly recorded. The Association has been organized for the purpose of administering a condominium upon certain lands in Lee County, Alabama known as The Edge at Auburn Condominium (the "Condominium"), in accordance with the Declaration of Condominium for The Edge at Auburn Condominium (the "Declaration").

1. The office of the Association shall be at 1114 S. College Street, Auburn, Alabama 36830, or at such other place as may be designated by the board of directors from time to time.
2. The fiscal year of the Association shall be the calendar year.
3. The seal of the corporation shall bear the name of the corporation, the word "Alabama," the words "Corporation Not-for-Profit," and the year of incorporation.
4. The terms used in these Bylaws shall have the same meaning as the identical terms utilized in the Declaration unless the context otherwise requires.

II. MEMBERS' MEETINGS

1. The annual members' meeting shall be held at such time, place and date as may be designated by the board of directors, for the purpose of electing directors and of transacting any other business authorized to be transacted by the members.
2. Special members' meetings shall be held whenever called by the president or vice-president or by majority of the board of directors and must be called by such officers upon receipt of a written request from ten percent (10%) of the voting interests except as provided for in Article III below. Unless otherwise set forth in the notice of special meeting, as provided for above, all special meetings shall be held in Lee County, Alabama.
3. Notice of all members' meetings stating the time and place and the agenda for which the meeting is called shall be mailed by the president or secretary, unless waived in writing. Such notice shall be sent in writing to each member at his address as it appears on the books of the Association and shall be sent by mail to each member not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. The post office certificate of mailing shall be retained in the records of the Association as proof of such mailing. In addition, a

notice of the meeting shall be posted at a conspicuous place on the Condominium Property or Association Property, which location shall be duly adopted by rule by the board, upon notice to the Unit Owners, at least for fourteen (14) continuous days prior to said meeting; however, if there is no Condominium Property or Association Property upon which notices can be posted, this requirement does not apply. Members may waive notice of specific meetings and may take action by written agreement without meetings. As provided in the Declaration, Mortgagees, as that term is defined in the Declaration, shall, upon prior written request, be entitled to receive notice of all members' meetings. Failure to provide such notice shall not invalidate any action taken at an otherwise properly noticed meeting. Where assessments against members are to be considered for any reason at a members' meeting, the notice shall contain a statement that assessments will be considered and shall specify the nature of any such assessment.

4. The presence in person or by proxy of members representing a majority of the total voting interests eligible to vote shall constitute a quorum, and decisions shall be made by the vote of a majority of the members at a meeting at which a quorum is present.

5. Each unit shall be entitled to one (1) vote at Association meetings. Votes for Units owned by more than one person or by a corporation or other entity shall be cast by the voting representative for the Unit as named in a voting certificate signed by all of the Owners of that Unit and filed with the secretary of the Association. Each voting certificate shall be valid until revoked by a subsequent voting certificate.

6. Votes may be cast in person or by proxy in accordance with and as permitted by applicable law. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof and must be filed with the secretary at or before the appointed time of the meeting. Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy for him, and the date the proxy was given. Each proxy shall contain the date, time and place of the meeting for which the proxy is given, and if a limited proxy, set forth those items which the holder of the proxy may vote and the manner in which the vote is cast. In no event shall any proxy be valid for a period of longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the member executing it. If a proxy expressly provides, any proxy holder may appoint, in writing, a substitute to act in his place. If such provision is not made, substitution is not authorized.

7. Approval or disapproval of a member upon any matter, whether or not the subject of an Association meeting, shall be by the same person, corporation or other entity who would cast the vote of such member if in an Association meeting.

8. If any meeting of members cannot be organized because a quorum has not been achieved, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

9. The order of business at annual members' meetings and, as far as practicable at all other members' meetings, shall be:

- A. Call to order.
- B. Election of chairman of the meeting.
- C. Calling of the roll and certifying of proxies.
- D. Proof of notice of meeting or waiver of notice.
- E. Reading and disposal of any unapproved minutes.
- F. Report of officers.
- G. Report of committees.
- H. Election of directors.
- I. Unfinished business.
- J. New business.
- K. Adjournment.

10. For so long as the Developer holds Units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

- A. Assessment of the Developer as the Owner of Units for capital improvements; and,
- B. Any action by the Association that would be detrimental to the sale of Units by the Developer.

III. DIRECTORS

1. The affairs of the Association shall be managed by a board of directors who shall be members of the Association, excepting that the first board of directors and their successors appointed by the remaining directors (in the event of vacancies occurring before the first election of a majority of directors by members) need not be members. The initial board of directors shall consist of three (3) directors, and thereafter the membership of the board shall consist of not less than three (3) nor more than seven (7) directors. Within these limits, the board

of directors may from time to time increase or decrease the number of persons to serve on the board, except that the board shall always contain an odd number of members. Where units are owned by corporations, the officers, directors, employees or other appointed representatives of said corporations shall be eligible to serve on the board of directors of the Association on behalf of the corporation.

2. Election of directors shall be conducted in the following manner:

A. Members of the board of directors shall be elected by written ballot or voting machine. Proxies shall in no event be used in elections to fill vacancies caused by recall, resignation, or otherwise, unless specifically allowed by statute. Not less than 60 days before a scheduled election, the Association shall mail or deliver, whether by separate association mailing or included in another association mailing or delivery including regularly published newsletters, to each unit owner entitled to vote, a first notice of the date of the election. Any Unit Owner or other eligible person may nominate himself or may nominate another unit owner or eligible person. Any Unit Owner or other eligible person desiring to be a candidate for the board of directors must give written notice to the Association not less than 40 days before a scheduled election. Prior to the election, the Association shall mail or deliver a second notice of the election to all Unit Owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8 1/2 inches by 11 inches, which must be furnished by the candidate not less than 35 days before the election, to be included with the mailing of the ballot, with costs of mailing and copying to be borne by the Association. However, the Association shall have not liability for the contents of the information sheets prepared by the candidates. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least 20% of the eligible voters must cast a ballot in order to have a valid election of members of the board of directors.

B. Vacancies on the board of directors may be filled by majority of the remaining directors, even though a quorum may not exist, subject to the provisions of Paragraph 2(C) of this Article. A director appointed to fill a vacancy in office shall serve the remainder of the term of the office to which he is appointed.

C. The directors named in the Articles of Incorporation shall serve until the first election of directors, and any vacancies in office occurring before the first election shall be filled by the remaining directors. In the event there are no remaining directors then any such vacancies shall be filled by the Developer. Owners of Units other than the Developer will be entitled to elect members of the board of directors as follows:

1) The Owners of Units other than the Developer shall be entitled to elect a majority of the members of the board of directors not later than the earliest of (i) 60 days after conveyance of 75 percent of the Units which may be created to Unit Owners other than Developer; (ii) two years after Developer has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add new Units was last exercised. Developer may voluntarily surrender the right to appoint and remove officers and members of the board before termination of that period, but in that event he may require, for the duration of the

period of Developer control, that specified actions of the Association or board of directors, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective.

2) Not later than 90 days after conveyance of 25 percent of the Units which may be created to Unit Owners other than Developer, at least one member and not less than 25 percent of the members of the board must be elected by Unit Owners other than the Developer. Not later than 90 days after conveyance of 50 percent of the Units which may be created to Unit Owners other than Developer, not less than 33 1/3 percent of the members of the board must be elected by Unit Owners other than the Developer.

3) Unit Owners, by a two-thirds vote of all persons present in person and entitled to vote at any meeting of the Unit Owners at which a quorum in person is present, may remove any member of the board with or without cause, other than a member appointed by the Developer.

4) As to the election of directors pursuant to Subparagraphs (1), (2) and (3) above, within seventy-five (75) days after Owners other than the Developer are entitled to elect a member or members of the board of directors of the Association, the Association shall call and give not less than sixty (60) days notice of an election for the members of the board. The election shall proceed pursuant to Article III, Section 2, above.

5) Nothing in this subparagraph shall be construed so as to preclude the Developer from relinquishing control of the board of directors at any time the Developer may so elect.

3. Members of the board of directors who are elected by Owners other than the Developer at the annual meeting of members shall serve for one (1) year until the next annual meeting of the members and thereafter, unless and until his successor is duly elected or qualified or until he is removed in the manner elsewhere provided.

4. The organizational meeting of a newly elected board of directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected or at a time and place so announced at said meeting. Notice of the organizational meeting shall be given in the same manner as set forth in Article III, section 5 below.

5. Regular meetings of the board of directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph at least three (3) days prior to the date named for such meeting unless such notice is waived. Notice of all meetings of the board shall be posted in a conspicuous place on the Condominium Property for the benefit of members at least forty-eight (48) continuous hours in advance of such meeting, except in an emergency. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one of the members of the board. Such emergency action shall be

noticed and ratified at the next regular meeting of the board. Upon notice to the Unit Owners, the board shall be duly adopted rule designate a specific location on the Condominium Property or Association Property upon which all notices of board meetings shall be posted. If there is no Condominium Property or Association Property upon which notices can be posted, notices of board meetings shall be mailed or delivered at least 14 days before the meeting to the Owner of each Unit. All meetings of the board of directors shall be open to all Unit Owners, who shall have the right to speak with reference to all designated agenda items subject to reasonable rules governing the frequency, duration, and manner of Unit Owner statements.

6. Special meetings of the directors may be called by the president and must be called by the secretary at the written request of one-third (1/3) of the votes of the board. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

7. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Any director's attendance at a meeting shall constitute a waiver of the notice of that meeting.

8. A quorum at directors' meetings shall consist of the directors entitled to cast a majority of the votes of the entire board. The acts of the board approved by a majority of votes present shall constitute the acts of the board of directors except as specifically otherwise provided in the Declaration. If at any meeting of the board of directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. The presiding officer at board of directors' meetings shall be the president of the Association. In the absence of the president the vice-president shall preside;

10. Directors' fees, if any, shall be determined by the members of the Association, and no director shall receive a fee prior to the election of a majority of the members of the board of directors by Owners other than the Developer.

11. Owner directors may be removed from the board of directors pursuant to Section III.2.C.(3).

12. Anything to the contrary contained herein notwithstanding, any director who is appointed by the Developer may be removed by the Developer at any time. Upon such removal, the Developer shall immediately appoint a replacement director and notify the remaining directors, if any, of such removal and appointment.

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the board of directors including those existing under the common law, statutes, the Articles and the

Condominium Documents. Such powers and duties of the directors shall be exercised in accordance with the provisions of the Declaration which governs the use of the land, and shall include but not be limited to the following:

1. To adopt a budget and to make and collect assessments against Owners to defray the costs of operating the Condominium.

2. To use the proceeds of assessments in the exercise of its powers and duties.

3. To maintain, manage, repair, replace and operate the Condominium property, including but not limited to, obtaining and maintaining adequate insurance to protect the Association and the Condominium property.

4. To reconstruct improvements after casualty and to construct further improvements to the Condominium property.

5. To promulgate and amend the Condominium Rules and Regulations respecting the use of Condominium Property. Such rules and regulations may be promulgated by the board of directors at any duly noticed meeting of the board or of the members.

6. To enforce by legal means the provisions of the Condominium Documents, the Articles, these Bylaws, and the Condominium Rules and Regulations.

7. To contract for management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the Condominium Documents or applicable law to have approval of the board of directors or members of the Association. Notwithstanding any provisions contained in these Bylaws to the contrary, it is the intent of these Bylaws that the ability of the board of directors of the Association to independently terminate a contract for the management of the Condominium without a vote of the Owners shall be governed solely by the terms and conditions of said management contract.

8. To pay taxes and assessments which are liens against any part of the Condominium Property other than individual Units and the appurtenances thereto, and to assess the same against the Unit Owner subject to such liens.

9. To pay the cost of all power, water, sewer and other utility services rendered to the Condominium and not billed to Owners of individual Units.

10. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, including but not limited to accountants and attorneys.

11. To bond any or all employees, officers and directors of the Association, for which the Association shall bear the costs.

12. To maintain all books and records concerning the Condominium including,

but not limited to, the maintenance of a complete list of the names and addresses of all Owners of Units.

V. OFFICERS

1. The executive officers of the corporation shall be a president, a vice-president, a secretary, and a treasurer, all of whom shall be directors who shall be elected annually by the board of directors at any meeting. Any person may hold two or more offices except that the president shall not also be the vice-president, secretary or treasurer, or assistant secretary or assistant treasurer. The board of directors shall from time to time elect such other officers and designate their powers and duties as the board determines necessary to manage the affairs of the Association.

2. The president shall be the chief executive of the Association. He shall have all of the powers and duties which are usually vested in the office of president including, but not limited to, the power of appointing committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

3. The vice-president shall in the absence of or disability of the president exercise the powers and duties of the president. He shall also generally assist the president and exercise such other powers and perform such other duties as shall be prescribed by the directors.

4. The secretary shall keep the minutes of the proceedings of the directors and the members in a book available for inspection by the directors or members, or their authorized representatives, at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years. He shall attend to the giving and serving of all notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall have custody of all property of the Association, including financial records, funds, securities and evidences of the indebtedness. He shall keep the financial records of the Association and shall keep the assessment rolls, the accounts of the members, and the books of the Association in accordance with generally accepted accounting practices. He shall perform all other duties incident to the office of secretary of an Association and as may be required by the directors or the president.

5. The compensation of all employees of the Association shall be fixed by the directors. This provision shall not preclude the board of directors from employing a director or officer as an employee of the Association nor preclude the contracting with a director for the management of the Condominium.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and the Articles shall be supplemented by the following provisions:

1. Initial Working Capital Fund. The board of directors shall establish a working capital fund for the initial months of Condominium operations equal to at least two (2) month's estimated Common Expenses for each unit declared.

2. Assessments.

A. The board of directors of the Association shall fix and determine from time to time the sum or sums necessary and adequate for the Common Expenses of the Condominium. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended overage, and any other expenses designated as Common Expenses from time to time by the board of directors of the Association, or under the provisions of the Declaration. The board of directors is specifically empowered, on behalf of the Association, to make and collect assessments and to lease, maintain, repair and replace the Common Elements of the Condominium. Funds for the payment of Common Expenses shall be assessed against the members in the proportions of percentages of sharing Common Expenses, as provided in the Declaration. Assessments for Units shall become due as determined by the board of directors from time to time, and shall be considered delinquent if payment has not been received on or before the fifteenth day after the due date, unless otherwise ordered by the board of directors. Special assessments, should such be required by the board of directors, shall be levied in the same manner as provided for regular assessments, and shall be payable in the manner determined by the board of directors. If a member shall be in default in the payment of any assessment due on his Unit, the Association shall have all collection rights available to it under Alabama law and the Declaration. If any unpaid share of Common Expenses or assessments is extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure thereof, the unpaid share of Common Expenses or assessments shall be Common Expenses collectible from all the Owners.

B. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such an account shall designate the name and address of the members or member, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments. Assessments shall be made against members in an amount not less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. In the absence of a determination by the directors as to the frequency of assessments, assessments shall be due and payable monthly. The personal liability of a member for assessments shall survive the termination of such member's membership in the Association.

C. Any member shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Unit. The holder of a mortgage or other lien shall have the same right as to any Unit upon which he has a lien. Any person who relies upon such certificate shall be protected thereby.

D. Notice of any meeting, whether a meeting of the board of directors or of the members of the Association, at which assessments against members are to be considered

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for any reason shall specifically contain a statement that assessments will be considered and the nature of such assessments.

4. Budget.

A. The board of directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association and estimates of the income of the Association. The proposed annual budget of Common Expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but not be limited to, roof replacement, building painting and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item. These reserve accounts may be waived annually, or less adequate reserves established by a majority of the total voting interests voting in person or by limited proxy at a duly called meeting of the Association. The budget shall include but not be limited to the following items:

(a) Common Expense Budget

- i. Administration of the Association.
- ii. Management fees.
- iii. Maintenance.
- iv. Rent for recreational and other commonly used facilities (if applicable).
- v. Taxes upon Association property.
- vi. Taxes upon leased areas (if applicable).
- vii. Insurance.
- viii. Security provisions.
- ix. Operating capital.
- x. Reserves.
- xi. Fees payable to any governmental agency.
- xii. Other expenses.

(b) Proposed assessments against each member, together with an

CONDO 6A 103
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annual total assessments.

B. Copies of the proposed budget and proposed assessments shall be transmitted to each member at least fourteen (14) days prior to the meeting at which the budget is to be considered, together with a notice of the meeting which shall state the time and place of the meeting. The meeting shall be open to all members. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member. If an adopted budget required assessment against the members in any fiscal or calendar year in excess of 115% of the assessments for the preceding year, the board of directors, upon written application of 10% of the voting interests of the Association to the board of directors, shall call a special meeting of the members of the Association within thirty (30) days, upon not less than ten (10) days written notice to each member of the Association. At the special meeting, members shall consider and enact a budget. The adoption of the budget at such a special meeting shall require a vote of a majority of all voting interests. The board of directors may propose a budget which exceeds 115% of the assessments for the preceding year to the members at a meeting of the members or in writing, and if the budget or proposed budget is approved at the meeting or by a majority of all voting interests in writing, the budget shall be adopted. If a meeting of the Unit Owners has been called and a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the board of directors shall go into effect as scheduled. In determining whether assessments exceed 115% of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacements of the Condominium Property, expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or assessments for capital improvements to the Condominium Property shall be excluded from the computation. However, as long as the Developer is in control of the board of directors, the board of directors shall not impose an assessment for any year greater than 115% of the prior fiscal or calendar years assessment without approval of a majority of all voting interests of the Association.

5. The depository of the Association shall be such bank or other institution permitted by applicable law, as shall be designated from time to time by the board of directors and from which the monies in such accounts shall be withdrawn only by checks signed by such persons as are authorized by the board of directors.

6. Within sixty (60) days following the end of the Association's fiscal year, the board of directors shall mail or furnish by personal delivery to each member a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall also be furnished to any Mortgagee upon written request.

In lieu of sending the financial report to the owners as set forth above, the board of directors shall be permitted to send a complete set of financial statements to the owners within ninety (90) days following the end of the previous fiscal year.

7. The board of directors shall obtain fidelity bonding of all officers and directors who control or disburse funds of the Association and as provided in the Declaration. The amount of such bonds shall be determined in accordance with Alabama law and the Declaration. The premiums on such bonds shall be paid by the Association as a common expense.

VII. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Articles and Bylaws or with the statutes of the State of Alabama.

VIII. AMENDMENTS

Amendments to the Bylaws shall be proposed and adopted in the following manner:

1. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

2. An amendment may be proposed by either the board of directors or by the membership of the Association. Except as otherwise provided herein, a resolution adopting a proposed amendment must receive approval of not less than two-thirds (2/3rds) of all the directors until the first election of a majority of directors by Owners other than the Developer. Thereafter, the Bylaws may be amended by not less than two-thirds (2/3rds) of all the directors and by not less than a three-fourths (3/4ths) vote of the members of the Association at a duly called meeting of the Association. Directors and members not present at the meeting considering the amendment may express their approval in writing within ten (10) days after such meeting.

3. At any time prior to the first election of a majority of directors by Owners other than the Developer, these Bylaws may be amended by the Developer, if necessary, to make the same consistent with the provisions of the Declaration, to meet the requirements of any governmental entity or statute, FHA or VA rules, regulations or policies, and as may be in the best interests of the Association. No bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing bylaws shall contain the full text of the bylaws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through the hyphens. However, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language "Substantial rewording of Bylaw. See Bylaw.... for present text." Nonmaterial errors or omissions in the bylaw amendment process shall not invalidate an otherwise properly promulgated amendment.

4. Any amendments to these Bylaws shall be in accord with the terms and provisions of the Declaration which sets forth certain additional voting and approval requirements with respect to certain types of amendments.

IX. SEVERABILITY AND CONFORMITY TO STATE LAW

These Bylaws are to be governed by and construed according to the laws of the

State of Alabama. If it should appear that any of the provisions hereof are in conflict with the Declaration or any rule of law or statutory provision of the state of Alabama, then such provisions of these Bylaws shall be deemed inoperative and null and void insofar as they may be in conflict therewith, and shall be deemed modified to conform to the Declaration or such rule of law.

X. MANDATORY MEDIATION

Internal disputes arising from the operation of the Condominium among the Developer, the Association, the Owners, their respective agents and assigns, or any or all of them, must be submitted first for resolution through mediation pursuant to the Alabama Civil Court Mediation Rules.

XI. LIMITED POWER TO CONVEY COMMON ELEMENTS

The Association shall have a limited power to convey a portion of the Common Elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

XII MISCELLANEOUS


1. The Association shall make available to Unit Owners and Mortgagees for inspection during normal business hours current copies of the Declaration, these Bylaws, the Association Articles of Incorporation, the Condominium Rules and Regulations and other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers of Units current copies of the above-listed documents as well as the most recent annual audited financial statement, if such is prepared.

2. Mortgagees shall be afforded all those notice rights more fully set forth in the Declaration. Such notices shall be provided at Association cost.

CERTIFICATE

The undersigned hereby certifies that she is the duly elected and acting secretary of the Association named herein and that the foregoing is a true copy of the Bylaws of said Association duly adopted by action of the Directors dated April 18, 2002, and hereby further certifies that such Bylaws have not been amended or rescinded and remain in full force and effect at the date hereof.

Dated the 18 day of April, 2002


Secretary

AMENDMENT NO. 1

BYLAWS OF

THE EDGE AT AUBURN CONDOMINIUM ASSOCIATION, INC.

In accordance with Article VIII, Section 3 of the Bylaws of The Edge at Auburn Condominium Association, Inc. (the "Association"), the Developer hereby amends the Bylaws of the Association in order to comply with applicable requirements of FNMA as follows:

Article VI ("Fiscal Management"), Section 6 of the Bylaws is hereby amended to read as follows in its entirety:

6. Within sixty (60) days following the end of the Association's fiscal year, the board of directors shall mail or furnish by personal delivery to each member a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall also be furnished to any Mortgagee upon written request.

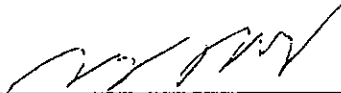
Within one-hundred, twenty (120) days following the end of the Association's fiscal year, an audited financial statement for the preceding fiscal year shall be available to the holder, insurer, or guarantor of any first mortgage that is secured by a Unit upon submission of a written request therefor.

In lieu of sending the financial report to the owners as set forth above, the board of directors shall be permitted to send a complete set of financial statements to the owners within ninety (90) days following the end of the previous fiscal year.

CERTIFICATE

The undersigned hereby certifies that she is the duly elected and acting secretary of the Association named herein and that the foregoing is a true copy of Amendment No. 1 to the Bylaws of said Association duly adopted by the Developer on June 17, 2002, and hereby further certifies that such Bylaws have not been otherwise amended or rescinded and remain in full force and effect at the date hereof.

Dated the 21 day of June, 2002.



Secretary

EXHIBIT D

Percentage Allocation of Undivided Share of Common Elements,
Expenses, and Surplus Appurtenant Thereto

<u>Unit Type</u>	<u>Percent Allocation</u>	<u>No. of Units</u> <u>Phase I</u>	<u>No. of Units</u> <u>Phase II*</u>
Two Bedroom	0.733%	12	12
Three Bedroom	0.917%	12	-0-
Three Bedroom-Deluxe and Four Bedroom	1.008%	36	44

*Subject to revision at discretion of Developer

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Exhibit E

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MANAGEMENT AGREEMENT

In consideration of the covenants herein contained The Edge at Auburn Condominium Owner's Association, (hereinafter called Owner, and Porter Properties, L.L.C. (hereinafter called Agent), agree as follows:

1. The Owner hereby employs the Agent exclusively to manage the property known as The Edge of Auburn Condominiums located at 1100 S. College Street in Auburn Alabama, upon the terms hereinafter set forth for the period beginning on the 1 day of August, 2002, and ending the 30 Day of September, 2003, and thereafter for annual periods unless terminated by either party. Either party may terminate this agreement at any time upon thirty (30) days written notice.
2. The Agent accepts the employment and agrees:
 - (a) To use due diligence in the management of the premises for the period and upon the terms herein provided, and agrees to furnish the services of his/its organization for the operating and managing of the herein described premises. A detailed schedule of management functions will be developed with an Owner's Association representative.
 - (b) To render monthly statements of receipts, expenses and charges and to remit to Owner receipts less disbursements. In the event the disbursements shall be in excess of the fees collected by the Agent, Owner hereby agrees to pay such excess promptly upon demand of Agent.
 - (c) To deposit all receipts collected for Owner (less any sums properly deducted or otherwise provided herein) in an Escrow Account in a national or state institution qualified to engage in the banking or trust business, separate from Agent's personal account. However, Agent will not be held liable in event of bankruptcy or failure of a depository.
 - (d) In reference to paragraph (c) above it is hereby expressly agreed that Agent will retain as an administrative fee, one half (1/2) of all fees collected such as late fees and returned check fees; to cover administrative expenses involved in the above collections.
3. The owner hereby gives to the Agent the following authority and powers and agrees to assume the expense in connection herewith:

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WES Owner

_____ Agent

- (a) to collect fees due or to be become due and give receipts thereof; to sign and serve in the name of the Owner such notices as are appropriate; to institute and prosecute action; to sue for in the name of the Owner and recover fees and other sums due; and when expedient to settle, compromise, and release such actions or suits.
- (b) To make or cause to be made and supervise repairs and alterations, and to do decorating on said premises; to purchase supplies and pay all bills therefor. The Agent agrees to secure the prior approval of the Owner on all expenditures in excess of \$500.00 for any one item except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of the Agent such repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in their lease.
- (c) To hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises.
- (d) To make contracts for electricity, gas, fuel, water, telephone, window cleaning, trash or rubbish hauling and other services of such of them as the Agent shall deem advisable; the Owner to assume the obligation of any contract so entered into at the termination of this agreement.

4. The Owner further agrees:

- (a) To carry, at its own expense, public liability insurance to protect the interests of the parties hereto, which policies shall be so written as to protect the Agent in the same manner and to the same extent they protect the Owner, and will name the Agent, as additional insured. The Agent also shall not be liable for any error of judgement for any mistake of fact of law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.

The Agent is hereby instructed and authorized to pay from the gross receipts (the "Gross Receipts") amounts in respect of real or personal property taxes, if applicable or insurance premiums arising in connection with the property and if expressly directed by Owner, any mortgage or other lien on or against the property.

- (c) To pay the Agent 4% of any maintenance contract or repairs other than for contract warranty of two-thousand (\$2,000.00) or more requiring supervisory time and action by the Agent.
- (d) To pay the Agent \$12.00 per unit per month for the management of the Condominium Association,

This Agreement shall be binding upon the successors and assigns of the Agent, and the heirs, administrators, executors, successors and assigns of the Owner.

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 _____ Owner
 _____ Agent

IN WITNESS WHEREOF the parties hereto have affixed or caused to be affixed their respective signatures this 22 day of March, 2002.

WITNESS:

[Signature]

OWNER: The Edge at Auburn Owner's Association

[Signature]
By: Wes Small - Managing Member

By: _____

By: _____

AGENT:
PORTER PROPERTIES, LLC

[Signature]
By: Matt Rice
Its: _____

[Signature]

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LEE COUNTY

Initials

[Initials] Owner

[Initials] Agent

EXHIBIT F

CONDOMINIUM RULES AND REGULATIONS THE EDGE AT AUBURN CONDOMINIUM

Each Owner shall be governed by and shall comply with the terms of the Condominium Documents and Condominium Rules and Regulations adopted pursuant to those documents. All terms used in these Condominium Rules and Regulations shall have the same meaning as the identical terms used in the Declaration of Condominium for The Edge at Auburn Condominium. Failure of an Owner to comply with the provisions of the Condominium Documents and these Condominium Rules and Regulations shall entitle the Association or other Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including but not limited to an action for damages, an action for injunctive relief or an action for declaratory judgment.

1. Common Elements and Limited Common Elements. The Common Elements and Limited Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Owners, their guests and lessees.

2. Nuisances. No nuisance shall be allowed upon the Condominium Property or within a Unit, nor any use or practice that is the source of annoyance to Owners or which interferes with the peaceful possession and proper use of the Condominium Property by the Owners. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate nor any fire hazard allowed to exist. No Owner shall permit any use of a Unit or make or permit any use of the Common Elements that will increase the cost of insurance upon the condominium Property.

3. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or a Unit, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed.

4. Leasing of Units. All of the terms and provisions of the Condominium Documents and these Condominium Rules and Regulations pertaining to use and occupancy shall be applicable and enforceable against any person occupying a Unit as a tenant to the same extent as against an Owner. Any lease or rental agreement, whether oral or written and whether specifically expressed in such agreement or not, shall be deemed to contain a covenant upon the part of each such Owner and tenant designating the Association as the Owner's agent for the purpose of and with the authority to terminate any such lease or rental agreement in the event of violations by the tenant of the terms and provisions of the Condominium Documents or Condominium Rules and Regulations. The right of an Owner to lease or rent his Unit shall be restricted as described in the Declaration.

5. Signs. No "For Sale" or "For Rent" signs or other displays or advertising shall be maintained on any part of the Common Elements, Limited Common Elements, or Units, except that the right is specifically reserved to the Developer to place and maintain "For Sale" or "For Rent" signs on the Condominium Property for as long as the Developer may have Units to sell. The right to place and maintain "For Sale" or "For Rent" signs on the Condominium Property is also specifically reserved to the Developer, Developer's successor and/or assigns or any entity affiliated with the Developer.

6. Prohibited Vehicles. No motorcycles, trailers or commercial vehicles (excluding those vehicles owned by the Developer or the Management Company) shall be parked in any parking space, except such temporary parking spaces provided for the purpose as may be necessary to effectuate deliveries to the Condominium, the Association or the Owners. Bicycles and motorcycles shall not be stored on the Condominium Property except in such areas designated for this purpose.

7. Exterior Appearance. No Owner shall decorate or alter any part of a Unit so as to affect the appearance of the Unit from the exterior. Such decoration or alteration shall include, but not be limited to, painting or illumination of the exterior of a Unit, display of plants or other objects upon patios, balconies, railings or exterior window sills or ledges, reflective film or other window treatments, draperies, window shades, screen doors and lights. The Association shall have the sole discretion, which may be based on aesthetic principles only, to determine compliance with this provision.

8. Antennas. No antennas of any type designed to serve a Unit shall be allowed on the Common Elements or Limited Common Elements, except as may be provided by the Association to serve as a master antenna or other equipment may be operated on the Condominium Property which interferes with television signal reception.

9. Noise. Should noise transmission create a disturbance or a nuisance, the responsibility is with the Owner to abate the noise transmission and not the Association. In order to insure the comfort of all Owners and authorized users, radio, hi-fi and television sets, and any and all other such audio equipment generating noise should be turned down to a minimum volume so as not to disturb other persons between the hours of 11:00 p.m. and 8:00 a.m. All other unnecessary noises between these hours should be avoided.

10. Obstructions. Sidewalks, entrances, driveways, passages, patios, courts, stairways, corridors, halls and/or all other areas intended for common use must be kept open and shall not be obstructed in any manner. Rugs or mats, except those either permitted or placed by the Association, must not be placed outside of doors in corridors. No sign, notice or advertisement shall be inscribed or exposed on or at any window of a Unit or any part of the Condominium Property, except such as shall have been approved in writing by the Association or is permitted by the Condominium Documents; nor shall anything be projected out of any window on the Condominium Property. All person property of Owners shall be stored within the Unit.

11. Children. Children are to play only in areas either designated or clearly intended for play, and they are not to play in public halls, or stairways, or other common areas which would cause an obstruction. Reasonable supervision by parents or guardians must be exercised at all times when children are playing on the Condominium Property.

12. Balconies. Plants, pots, receptacles and other movable objects must not

be kept, placed or maintained on ledges or balconies. No objects shall be hung from balconies or window sills. No cloth, clothing, rugs or mops shall be hung up or shaken from windows, doors or balconies. No cooking shall be permitted on any balcony of a Unit. Owners shall not allow anything to be thrown or to fall from windows, doors, balconies or the interior of the building from hall doors.

13. Hallways. Bicycles, garbage cans, laundry, dry cleaning, supplies or other articles shall not be placed in the halls or on staircase landings without prior authorization from the board of directors or the Management Company. No Owner shall allow doors to the corridor to remain open for any purpose other than for immediate ingress and egress.

14. Entry for Emergencies. In case of emergency originating in or threatening any Unit, regardless of whether or not the Owner is present at the time of such emergency, the board of directors of the Association, the Management Company or any other person authorized by the, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate, and to facilitate entry in the event of any such emergency, the Association or its designee shall be allowed to retain a key for each Unit.

15. Plumbing. Plumbing shall not be used for any other purpose than those for which it was constructed, and no sweepings, rubbish, rags or other foreign substances shall be deposited into plumbing. The cost of any damage resulting from misuse shall be borne by the Owner.

16. Roof. Owners are not permitted on the roof of any building within the Condominium Property for any purpose without the express approval of the board of directors or Management Company.

17. Solicitation. There shall be no solicitation by any person anywhere on the Condominium Property for any cause, charity or purpose whatsoever, unless specifically authorized in writing by the board of directors or the Management Company, except for solicitation by the Developer or an entity affiliated with the Developer in marketing the sale or rental of Units.

18. Parking. No vehicle belonging to any Owner or to a member of the family of an Owner or guest, tenant or employee of any owner shall be parked in any unauthorized area.

19. Storage of Dangerous Items. No inflammable, combustible, or explosive fluid, chemical or substance, shall be kept in any Unit, Common Element or Limited Common Element except as are required for normal household use.

20. Employees /Agents Control and Entry of Units. Employees and/or agents of the Association or Management Company, and employees and/or agents of the Developer's or affiliated entity's on-going sales or rental programs, shall not be sent off the condominium Property by any Owner or authorized user at any time for any purpose. No Owner or authorized user shall direct, supervise or in any manner attempt to assert any control over the employees of the Management Company or the Association. Violations of these Rules and Regulations, or other matters of concern, should be brought to the attention of the Management Company for proper resolution. Employees or agents of the

Management Company shall be permitted, during reasonable hours, to enter units for maintenance and repairs.

21. Complaints. Complaints regarding the service of the Condominium shall be made in writing to the Management Company, as long as the Management Contract remains in effect, and thereafter, to the board of directors.

22. Payment of Maintenance Fees. and Special Charges and Fines. Payment of maintenance fees and other duly authorized charges and assessments shall be made at the office of the Management Company, as designated in the Management Contract.

23. Weapons. No explosives, firearms, knives or weapons of any kind shall be permitted in any Unit or anywhere on the Condominium Property.

24. Pets. Fish and small birds, shall be allowed on the Condominium Property or any Unit. One other pet weighing thirty (30) pounds or less shall be allowed per Unit. Owner(s) of the Unit will be responsible for any damages to the common area caused by any pet.

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BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

Annual Estimated Operating Budget
The Edge at Auburn Condominium Association, Inc.

			Annual	Monthly
Utilities				
	Electric-C/A Lighting & Pool		\$20,400.00	\$1,700.00
	Water & Sewer-Landscape & Pool		\$2,400.00	\$200.00
	Trash Removal		\$10,800.00	\$900.00
Operations				
	Landscape & Grounds		\$24,000.00	\$2,000.00
	Building Maintenance		\$12,000.00	\$1,000.00
	Pool Maintenance & Chemicals		\$3,000.00	\$250.00
	Pest Control		\$4,320.00	\$360.00
Insurance				
	Fire & Extended Coverage		\$18,000.00	\$1,500.00
	Director's & Officers		\$2,400.00	\$200.00
Administration				
	Professional Management		\$16,704.00	\$1,392.00
	Accounting & Legal		\$2,400.00	\$200.00
	Office Supplies & Postage		\$420.00	\$35.00
	Miscellaneous		\$900.00	\$75.00
Reserves				
Concrete Paving (1)	\$348,000.00	15 Year	\$23,200.00	\$1,933.00
Roof Shingles (2)	\$12,150.00	25 Year	\$486.00	\$41.00
Painting (3)	\$100,000.00	7 Year	\$14,286.00	\$1,190.00
TOTAL ANNUAL BUDGET (YEAR 1)			\$155,716.00	\$12,976.00

**Estimated Monthly Association Assessment
By Unit Type**

UNIT TYPE	NO. OF UNITS		ALLOCATION PER UNIT	MONTHLY ASSESSMENT
	Phase I	Phase II		
2 Bedroom	12	12	.733	\$90.00
3 Bedroom	12	-0-	.917	\$113.00
3 Bedroom Deluxe & 4 Bedroom	36	44	1.008	\$124.00

Notes:

Insurance must be bid based on actual building sizes, costs, etc..

Reserves subject to change based upon sizes and cost of items reserved.

Landscape maintenance should be bid by company doing installation.

Change in Unit size or mix or number of units will change individual unit share.

(1) Concrete based on \$3.00 per SF with 350 SF of paving per bedroom/parking space
plus 2% increase for clubhouse

(2) Based on 10 buildings X 12 squares per plus 15 for clubhouse X \$90 per square

(3) Based on \$10,000.00 per building X 10 buildings

THE EDGE AT AUBURN CONDOMINIUM
PURCHASE AGREEMENT

STATE OF ALABAMA)
) SS.
COUNTY OF LEE)

THIS AGREEMENT, is made on the _____ day of _____, 200__, by and between The Edge at Auburn, L.P., an Alabama limited partnership, called "Developer" and _____ whose address is _____, whose phone number is _____, whose work phone is _____, hereinafter called "Buyer."

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS CONTRACT AND THE DOCUMENTS REQUIRED BY SECTIONS 35-8A-403 THROUGH 35-8A-406, ALA CODE (1975), TO BE FURNISHED BY A DEVELOPER TO A BUYER.

In consideration of a deposit of ONE THOUSAND AND 00/100 DOLLARS (\$1,000.00) paid by Buyer to Developer, receipt of which is hereby acknowledged, and which is hereinafter called "Deposit," Developer agrees to sell to Buyer and Buyer agrees to buy from Developer for the sum of _____ (\$_____), UNIT _____, PHASE _____ of THE EDGE AT AUBURN CONDOMINIUM (the "Condominium"), Lee County, Alabama, together with an undivided interest in the common elements of the Condominium upon the following terms, conditions, and covenants:

1. Payment of Purchase Price. The total purchase price of \$_____ shall be payable as follows:
 - a. \$ 1,000.00 Deposit upon the execution of this Agreement;
 - b. \$ 3,000.00 Additional Deposit on or before June 15, 2002 (which, together with the amount specified in Paragraph 1(a) hereof, is referred to herein as the "Deposit");
 - c. \$_____ mortgage loan proceeds;
 - d. \$_____ cash, or by cashier's or certified check at the time of closing.

In the event that the Lender (as defined in paragraph 3 below) prohibits the use of mortgage loan proceeds to pay for "optional features," as set forth on page 5 below, the funds needed to pay for such optional features shall be added to the amount due from Buyer at the time of closing in cash, or by cashier's or certified check.

Possession of the Unit shall be given Buyer upon full and complete settlement of all obligations of Buyer as set forth herein on the date of closing. In addition to the total purchase price, Buyer shall pay, at settlement, such closing costs and other amounts as this Agreement may require.

2. Closing Costs. Developer shall pay on Buyer's behalf up to an amount equal to three percent (3%) of Buyer's loan amount to be applied towards closing or settlement costs. It is understood that only actual closing costs of Buyer will be paid up to the set amount, and that this is not to be considered as a simple credit in the set amount. Closing costs include attorney's fees authorized by Developer, recording fees, documentary stamp tax, intangible tax, mortgagee title insurance premiums, authorized discount points, loan origination fees, lender's inspection fee, appraisal and ten-year Home Buyers Warranty Insurance Premium. Closing costs do not include homeowner's insurance premium, owner's title insurance premiums, charges for credit report, initial escrow contributions, condominium dues, the initial contribution to the working capital funds of The Edge at Auburn Condominium Association, Inc. equal to two months condominium dues, interim interest, real estate taxes, or fees for attorneys, consultants, or other professional representatives not expressly authorized by Developer, or any other prepaid items. Accordingly, Buyer may not be entitled to receive a credit from Developer of three percent (3%) depending upon the type of costs incurred by Buyer and the amounts thereof. Developer reserves the exclusive right to designate the title insurance agency which shall issue the owner and mortgagee title insurance. The deposit shall be held in an escrow account as provided for in paragraph 10.

3. Mortgage Loan. In the event Buyer desires to finance any portion of the purchase price, within ten (10) days from the date of this Agreement, Buyer shall make truthful application to any bona fide lending institution ("Lender") for a first mortgage loan on the Unit described above. In the event Buyer does not make such application within the required (10) day period, or if Buyer shall fail to complete the loan application, and diligently cooperate with the Lender, the Buyer hereby agrees that Developer, at its option, may declare this Agreement to be void and of no effect, and the Deposit and any amounts paid for optional extras, if any, may be retained by Developer as provided in Paragraph 4(a), and Developer may pursue any other remedies available to Developer for Buyer's breach.

a. Loan Offered by Developer. Buyer further acknowledges that Developer may offer certain loan programs which will make available to Buyer a mortgage loan at favorable market rates and that Buyer, if unable to qualify for financing elsewhere, shall work with Developer and its agents in attempting to qualify for financing under any loan program Developer may offer.

b. Inability to Qualify. In the event the Buyer is unable to obtain a loan commitment due to Buyer's inability to financially qualify with any Lender it has made application to, on its own and through Developer, then Buyer shall give immediate notice thereof to Developer and this Agreement shall terminate and the Deposit and amounts paid for optional extras shall be refunded to Buyer and the parties shall have no further rights or liabilities to each other pursuant to this Agreement, or Buyer may, by prompt written notice to Developer, elect to perform this Agreement without the benefit of such mortgage loan.

4. Default.
a. Buyer's Default. Upon Buyer's default or breach of any term or condition of this Agreement, all sums paid hereunder by Buyer shall be retained by the Developer as liquidated and agreed damages, and not as a penalty, and the parties hereto shall be

relieved from all obligations hereunder. The parties agree that the damages that may result from a breach of this Agreement are uncertain and difficult to ascertain, and that the agreed upon amount is a reasonable estimate of probable damages. In connection with any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all costs incurred, including reasonable attorneys' and paralegals' fees, through and including all appellate levels.

b. Developer's Default. In the event Developer shall fail to cause the Unit described herein to be timely completed as provided for, then Buyer, at Buyer's option, shall elect, with notice to Developer, to rescind and terminate this Agreement and receive all deposit monies previously paid by Buyer.

Developer reserves the right to terminate this Agreement by refunding the deposit paid hereunder within one hundred eighty (180) days after the date the first Buyer signed a Agreement to purchase a Unit in the phase of the Condominium that contains the Unit described above in the event Developer does not pre-sell fifty percent (50%) of the total number of Units contained in said phase to bona fide owners.

5. Pre-Closing Occupancy and Rent. In the event Buyer is unable to complete the loan qualification process and close on the Unit by the settlement date provided herein, Developer may allow Buyer to move in and occupy the Unit prior to closing pursuant to the terms of a Rental Agreement to be provided by Developer if necessary. Buyer agrees to pay rent at the rate of \$35.00 per day until sixty (60) days past the signing of the Rental Agreement, then \$45.00 per day until closing and further agrees that any property inspection of the Unit will be done and the Unit accepted by Buyer prior to said occupancy. Buyer is also required to give Developer the balance due on down payment not to exceed five percent (5%) of total sales price.

Buyer agrees that until closing Buyer shall be a tenant of Developer pursuant to the terms of the attached Residential Rental Agreement which shall have a month to month term.

6. Closing. The closing date shall be on or before _____. Possession of the Unit shall be given Buyer upon full and complete settlement of all obligations of Buyer as set forth herein on the date of closing. If this Agreement is entered into prior to the initial recording of the Declaration, closing of the sale of the Unit shall occur within thirty (30) days after the Declaration is recorded. Closing shall occur at such time and place as shall be specified by the Developer, or by mail if authorized by the Developer. Closings for Units purchased in phases not yet declared to the Condominium shall commence after the estimated completion dates for those phases as set forth in the Offering Statement and after recording of the amendment to the Declaration adding that phase to the Condominium, but in no event later than two (2) years from the date of this Agreement. In the event that each party agrees to extend the time of closing, then and in that event, the parties will execute an Addendum to this Agreement, and a Rental Agreement to be provided by Developer if necessary. Buyer may retain its own legal counsel, at its own expense, to represent its interests. In the event Buyer fails to settle for any reason other than the refusal of Lender to loan the necessary purchase money to Buyer on ground of inability to qualify for financial reasons, then Buyer agrees that Developer may elect to do any one or more of the following: cancel this Agreement and retain as partial damages all sums paid by Buyer before the default; seek specific performance of this Agreement; terminate this Agreement; and maintain an action for damages against the Buyer. The rights and remedies of Developer shall be deemed cumulative and not exclusive.

7. VA/FHA Loan Clause. Not Applicable

8. Prorations and Capital Contribution. Real estate taxes shall be prorated on a fiscal year of the taxing authority basis to the date of closing. Buyer shall pay at closing, in addition to all other charges, a sum equal to two month's dues on the subject Unit as a one-time initial capital contribution to The Edge at Auburn Condominium Association, Inc. Said contribution shall not be credited against any of Buyer's monthly maintenance assessments.

9. Title. The Developer warrants that title to the Unit shall be conveyed free and clear of all liens, encumbrances, defects, judgments, leases and mortgages, except that the Unit shall be subject to the following matters of title: (i) the Declaration and all exhibits thereto; (ii) any mortgage placed upon the Unit in connection with purchase-money financing; (iii) taxes and assessments for the year of purchase and subsequent years, including, but not limited to, pending and certified county or municipal improvements; and (iv) any restrictions, reservations, conditions, limitations, and easements of record prior to purchase or imposed by governmental authorities having jurisdiction or control over the Unit. In the event title is not good and marketable, either party may cancel this Agreement and all sums paid by Buyer to date shall be returned. Developer shall not be liable to any party for any defects of title under these circumstances.

10. Completion of Unit. Developer shall construct the Unit substantially in accordance with the plans and standard features enumerated herein prepared for Developer. Buyer acknowledges it has thoroughly reviewed and approved said plans and standard features. Developer reserves the right to make such additions, changes, substitutions, deletions or amendments to said plans and specifications as Developer may deem desirable or due to material shortages, governmental regulations, lender requirements, or other circumstances beyond its control. The construction, equipping and furnishing of the Condominium should be completed by August 1, 2002. Developer agrees, subject to the provisions of this Agreement, and excepting delays caused by strikes, inability to obtain labor or material, governmental restrictions, enemy action, civil commotion, fire, acts of God, and delays caused by conditions beyond Developer's control, to use its best efforts to complete construction of and obtain a certificate of occupancy for the accommodation described above on or before the estimated date of occupancy/closing date. Insulation consisting of fiberglass batt with an R-value of 30 has been installed in the roof of the buildings in this Condominium, and fiberglass batt insulation with an R-value of 13 has been installed in the exterior walls of the buildings in this Condominium. The construction, equipping and furnishing of the phase of the Condominium containing the Unit that is being purchased pursuant to this Agreement should be completed by the estimated construction date set forth in the Prospectus. The Prospectus also contains the estimated completion dates of the other proposed phases of the Condominium. The Developer will submit each successive phase, if at all, to condominium ownership in its sole discretion. In accordance with Section 35-8A-205(a)(3), Ala. Code (1975), and the Declaration, all phases which will ultimately become part of the Condominium will be declared within seven(7) years after the date of the recording of the Declaration, although the Developer reserves the right not to submit any or all of the subsequent phases to Condominium ownership. In all events Developer will cause the building which contains the Unit described above to be completed no later than two (2) years after the date of this Agreement.

Developer is not obligated to construct, equip or furnish any phase in the Condominium other than the phases declared to the Condominium.

11. Sales Prior to Completion of Construction: Escrow. This Agreement may be executed prior to construction of the Unit being substantially completed. Under such circumstances, all deposits towards the purchase price which are collected from Buyer shall be delivered to Akndge & Balch, P.C. ("Escrow Agent"), whose address is 730 North Dean Road, Suite 300, Auburn, Alabama 36830, to be held in escrow as in accordance with the terms of this paragraph. Escrow Agent shall hold in escrow all payments received from Buyer, and shall give Buyer a receipt for said amount upon request. Escrow Agent shall release these funds from escrow as follows:

(i) If Buyer properly terminates this Agreement in accordance with the terms stated herein, the funds shall be paid to Buyer together with any interest earned;

(ii) If Buyer defaults in the performance of his obligations under this Agreement, the funds shall be paid to Developer together with any interest earned;

(iii) At closing, the funds shall be paid to Developer, unless prior to the disbursement, Escrow Agent receives from Buyer written notice of a dispute between Buyer and Developer.

12. Risk of Loss. The risk of loss or damage to the Unit by fire or other casualty shall remain with Developer until closing of the Unit.

13. Property Owner's Association: Assessments. Buyer, by execution of this Agreement, agrees (1) to comply with all of the provisions of the Declaration for The Edge at Auburn Condominium, Bylaws, and Exhibits attached thereto, (2) to abide by all of the rules and regulations adopted by The Edge at Auburn Condominium Association, and (3) to pay and acknowledge his continuing liability to pay all dues and assessments properly levied against the Unit by The Edge at Auburn Condominium Association, Inc. Buyer understands and agrees that in accordance with the Declaration of Condominium, Buyer will be responsible for the above-described Unit's share of common expenses, assessments, maintenance fees and any and all other expenses incurred in the operation of the Condominium. Pursuant to Title 35, Chapter 8A, Developer guarantees to each Owner in the Condominium through August 1, 2003 that the total annual assessment for Common Expenses of the Condominium imposed upon Owners will not exceed \$1,488.00 per Unit. In consideration of this guaranty, Developer shall be excused from the payment of its share of the Common Expenses of the Condominium which otherwise would have been assessed against its unsold Units in the Condominium during the term of the guaranty. As a consequence of this exemption, Developer shall pay any amount of Common Expenses not collected from the other Owners needed to meet the expenses of the Association as these expenses are incurred each year while the guaranty is in effect. The obligation to pay Common Expenses is a personal obligation of each Unit Owner and failure to pay common expenses may also result in the imposition of a lien against the non-paying Owner's Unit. Developer reserves the right, but not the obligation, to extend this guaranty for one or more years after the expiration of the initial guaranty period on August 1, 2003 as permitted by Alabama law; provided, however, that in the event Developer decides to extend the guaranty, Developer will not increase the guaranty amount over the initial guaranty amount without the consent of a majority of the Owners.

14. Condition of the Unit. Any model Unit prepared by Developer is only a marketing device and not a representation of the condition or extent of improvement the Unit to be conveyed to Buyer shall be. Many of the fixtures and items of personal property, including furnishings and draperies, are not to be conveyed as part of any Unit, except as otherwise provided herein. It is further understood that any information supplied on condition or color is not warranted to be accurate as to any one particular Unit.

15. Assignment. This Agreement may not be transferred or assigned by Buyer without the prior written consent of the Developer.

16. Warranties. Developer shall provide to Buyer at closing a written limited warranty ("Limited Warranty") which extends to Buyer certain express warranties as contained therein. A copy of this Limited Warranty is available for inspection from Developer. The limited warranty is given in lieu of all other warranties, express or implied except those required by Title 35, Chapter 8A, Ala. Code (1975). All implied warranties of merchantability, fitness for a particular purpose, habitability, workmanship or otherwise are expressly disclaimed by Developer and waived by Buyer. The only warranties on consumer products installed in any Unit are those provided by the manufacturers thereof, which warranties are available for inspection from Developer.

17. Notice. Whenever by the terms of this Agreement, any notice is required to be given unless specifically otherwise provided, notices shall be conclusively considered given when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, to Buyer at his address set forth above, and to Developer in the same manner provided at 2117 Rosalind Avenue, Roanoke, VA 24014, by certified United States mail, return receipt requested.

18. Governing Law and Severability. This Agreement shall be governed under and interpreted and enforced in accordance with the laws of the State of Alabama. The parties hereby waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against another party concerning the interpretation, construction, validity, enforcement or performance of this Agreement or any other agreement or instrument executed in connection with this Agreement, or concerning any claims of injury or damage, arising out of or relating to the transactions contemplated by this Agreement, the execution of this Agreement, or any representation made to Buyer by Developer pertaining thereto. In the event any such suit or legal action is commenced by a party, the other parties hereby agree, consent and submit to the personal jurisdiction of the Circuit Court in and for Lee County, Alabama, with respect to such suit or legal action, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party hereby waives any and all personal rights under applicable law or in equity to object to the jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

19. Acknowledgment of Receipt. In connection with Buyer's purchase of the Unit from the Developer, the undersigned acknowledges receipt of all of the Condominium Documents required by §35-8A-403 through 35-8A-406, Ala. Code (1975).

20. Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Alabama. Additional information regarding radon and radon testing may be obtained from your county public health unit.

21. No Recording. Neither party shall record this Agreement in the Public Records of Lee County, Alabama.

22. Personal Use. Not Applicable.

23. Modifications and Changes to Condominium Documents. The Condominium Documents will be recorded prior to closing. Prior to recording, the Developer reserves the right to make changes in the proposed documents and modifications to the plans and specifications as may be necessary to conform to applicable government requirements or to expedite the sale of Units; provided, however, that any such amendments, additions, or changes shall not adversely diminish the interest of or increase any obligations of Buyer to any material degree. Buyer agrees that any amendments, additions, or changes so made shall be at the sole discretion of the Developer.

24. Agreement. Except as set forth herein, this Agreement may not be modified or amended except in writing signed by both Buyer and Developer. All the terms and provisions of this Agreement shall survive the closing. Time is of the essence hereunder, particularly where the obligation to pay money is concerned.

Buyer authorizes Developer or its authorized agent to insert or change Unit numbers wherever necessary to conform with the recorded Declaration of Condominium and to make any changes, insertions or deletions in this Agreement and the documents to be executed hereunder as may be necessary to insure compliance with the terms of this Agreement and Alabama law; provided, however, that any changes in such documents shall be of an administrative nature only and shall not materially or adversely alter the reasonable expectations of Buyer without Buyer's consent first being given in writing.

25. Entire Agreement. This instrument contains the entire agreement of the parties hereto concerning the subject matter hereof and supersedes all prior memoranda, correspondence, conversations and negotiations between the parties hereto. This Agreement may not be altered, enlarged, modified or changed except by an instrument in writing executed by all parties hereto. Except as expressly provided to the contrary herein, the terms of this purchase agreement shall merge into and not survive the acceptance and recordation of the deed of conveyance.

26. Miscellaneous. The captions of this Agreement are for the convenience of the parties and shall not be considered as a material part hereof. This Agreement may be executed in counterparts, each of which, when so executed, may be considered an original.

27. Cancellation. THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 35-8A-403 through 35-8A-406, Ala. Code (1975). THIS AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 7 (SEVEN) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

28. Other Provisions. _____

STANDARD FEATURES

KITCHEN CABINETS:	Laminate doors over a wood-grain box
BATH, VANITIES:	White painted wood, with laminated doors
MIRRORS:	Oversized mirrors, standard in baths
PLUMBING FIXTURES & FAUCETS:	Styled as selected by Developer
LAMINATED TOPS:	On kitchen cabinets and bath vanities
INTERIOR DOORS & HARDWARE:	Painted hardboard doors standard with coordinated hardware
PAINT:	Interior - Soft white throughout Exterior - Developer selects colors
VINYL FLOORING:	No wax. One color standard in kitchen, baths, foyer and laundry as selected by Developer.
CARPET:	Developer selects one color to be used throughout
LIGHTING:	Interior and exterior fixtures as selected by Developer. Living room and bedrooms switched to wall outlets
COVERED PORCH:	Standard on all Units.
LANDSCAPING:	Professionally designed by landscape architects.

FIRE PROTECTION:
CONSTRUCTION:

All buildings equipped with an automatic sprinkler system
Double glazed windows and sliding glass doors. Metal clad, insulated entrance door. Electric heat pump for energy efficient heating and air conditioning. Heavy insulation; R-19 in Attic, R-11 in exterior walls. Soundproofing; High decibel resilient channel construction with insulation on ceilings. Gypsum concrete floors under carpet and vinyl, and insulated double wall construction between Units. Fiberglass shingle roofing. Low maintenance vinyl siding. Enclosed refuse areas. All utilities underground. High security outdoor lighting.

OPTIONAL FEATURES

APPLIANCES:

- Full Size Refrigerator with Icemaker \$ _____
- Full Size Dishwasher \$ _____
- Self-Cleaning Range & Oven (black glass door) \$ _____
- Range Hood \$ _____
- Built-in Microwave (takes places of range hood) \$ _____
- Washer \$ _____
- Dryer \$ _____
- Ceiling Fan(s) Number () \$ _____ each
- BLINDS: On all windows and sliding doors \$ _____

SECURITY PACKAGE:

- Includes Peephole & Dead-bolt Lock \$ _____
- Electronic security system/panic buttons \$ _____

CABLE TV:

- Prewired in Living Room and all Bedrooms \$ _____*

TELEPHONE:

- Prewired in Kitchen and all Bedrooms \$ _____*
- *(Buyer or tenants must pay cost of connection and usage charged by Cable Company and Telephone Company)

No Substitutions are allowed because of limited construction time.

WHEREOF, the parties have caused this Agreement to be executed as of the dates set forth above.

"Developer"

"Buyer"

The Edge at Auburn, L.P.,
an Alabama Limited Partnership

By: The Edge at Auburn Partners, LLC,
an Alabama Limited Liability Company
Its: General Partner

By: University Housing Group, Inc.,
a North Carolina Corporation
Its: Managing Member

By: _____
Wesley S. Bradley
Its: Vice President

FORM RESIDENTIAL RENTAL AGREEMENT

1. BASIC LEASE TERMS AND OTHER DATA:

a. Premises: THE EDGE AT AUBURN CONDOMINIUM
1114 S. College St., Auburn, AL 36830

b. Date of Occupancy: _____

c. (1) Full Legal Name of Resident(s) _____

(2) Names of Occupants Allowed and Relationship to Resident(s):

<u>Occupant Name</u>	<u>Relationship</u>	<u>Social Security Number</u>
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d. Term of Lease: _____ days _____ months beginning on _____ and ending by _____
on _____ NOTE: the term of this Lease will automatically be renewed on a month-to-month basis on the same monthly rental and other terms set forth in this Lease unless either (a) We give You or You give Us notice of termination at least thirty (30) or _____ () days prior to the last day of the original rental period (or any renewal period). We give You notice that any renewal shall be at a stated monthly rental different from the previous monthly rental or upon any different term(s). If we give you such notice of renewal at a different monthly rental or of any different term(s), the month-to-month renewal shall be at such new stated monthly rental or upon the different term(s), unless within ten (10) or _____ () days after Your receipt of such notice from Us, You give Us written notice of Your intent to terminate this Lease as of the last day of that rental period, in which event this Lease will terminate on, and You must vacate the Premises on or before, the last day of that rental period.

e. Monthly Rental Amount of \$ _____ Payable to _____ and to be mailed or delivered to the following address: _____

Specify Additional Agreements, (if any): _____

f. Utilities and Services to be Paid by Landlord (Only if checked):

- | | |
|--------------------------------------|----------------------------------|
| <input type="checkbox"/> ELECTRICITY | <input type="checkbox"/> GAS |
| <input type="checkbox"/> TELEPHONE | <input type="checkbox"/> GARBAGE |
| <input type="checkbox"/> CABLE TV | <input type="checkbox"/> SEWER |
| | <input type="checkbox"/> WATER |

NOTE: Except as listed, all utilities are to be paid by Resident.

g. Money received or credited as follows:

(1) Security Deposit of \$ _____ to be held and applied in the manner and for the purpose set forth in Paragraph 6(a).

(2) Last month's rent of \$ _____ will apply only to the month of _____

(3) First month's rental and/or pro-rated rent (from _____ To _____)\$ _____

Additional Provisions

2. DESCRIPTION OF PREMISES: Landlord, in consideration of the rent reserved herein to be paid by Resident and the other covenants, agreements, and conditions hereinafter contained to be kept, performed, and observed by said Resident, does hereby let and lease unto Resident a _____ bedroom, _____ bathroom condominium known as The Edge at Auburn Condominium, located at 1114 S. College St., Auburn, AL 36830 (the "Property"). Landlord will identify the condition of the unit and any fixtures at or prior to Resident's move-in date. The condominium units at the Property consist of four furnished or unfurnished bedroom units with each bedroom having its own private bath, while sharing use and occupancy of common areas including an equipped kitchen, living/dining area and equipped laundry room (the "Common Area"). It is understood that the Resident's rental space (the "Premises") consists of the exclusive use and occupancy of the bedroom described above and the shared use of the Common Area in the condominium unit so identified.

3. USE OF PREMISES: Resident agrees that the premises are to be used by no more than _____ person(s) as a private dwelling and for no other purpose. Resident agrees not to allow any nuisance or illegal activity to exist on the premises and to maintain the premises in an orderly and neat condition. Resident agrees to comply with the Rules and Regulations for The Edge at Auburn Condominium a copy of which is attached hereto as Attachment 2 and made a part hereof.

4. DURATION OF LEASE: It is expressly understood that this Lease is for the entire Term set forth in Paragraph 1(d) regardless of whether the Resident is transferred, ceases to be enrolled in a college or university in Auburn, Alabama or for any other reason is unable to continue occupying the Premises. Accordingly, Resident's obligation to pay rent hereunder (and the Guarantor(s) obligation to insure payment of same) will continue for the entire term of this Lease and until all sums due Landlord hereunder have been paid in full.

5. PAYMENT OF RENT

- a. Rental Amount: Resident will pay rent in the amount set forth in Paragraph 1(e), in advance on the first (1st) day of each month.
- b. Payment Date: Resident will pay each installment of rent on the first (1st) of every month.
- c. Method and Location of Payment: Payments made by check or money order must be by a single check made payable to The Edge at Auburn. Multiple checks for rent payment are unacceptable. Payments will be delivered to 1100 S. College St., Auburn, AL 36830 between 9:00 AM and 5:00 PM, Monday-Friday.
- d. Late Charge: If the Rent is not paid prior to the close of business on the 5th of the month, Resident will pay a late charge of ten (10%) percent of all amounts due which will be treated as additional rent.
- e. Lost Rent: Rent may be mailed at Resident's risk. Any rent lost in the mail will be treated as if unpaid until received by Landlord.
- f. Bad Check Charges: Resident will pay Landlord a fee of Fifty Dollars (\$50.00) for any check returned to Landlord by Resident's bank due to non-sufficient funds or which otherwise fails to clear issuers bank. Rent will be deemed unpaid until the returned check is picked up and exchanged with a CASHIER'S CHECK OR MONEY ORDER in the amount of the returned check plus any late charges described herein. In the event that rent is paid by check and is returned due to non-sufficient funds or any other reason. Landlord will have the right to require Resident to pay all future rent by a Cashiers Check or Money Order only. Bad check charges will be treated as additional rent.

6. SECURITY DEPOSIT. LAST MONTHS RENT:

- a. Payment of Security Deposit and Last Months Rent: Resident will pay to Landlord upon execution of this lease, in addition to the first months rent hereunder a "Security Deposit" and the "Last Months Rent", as set forth in paragraph 1(g).
- b. Purpose of Security Deposit: The Security Deposit held by Landlord may be applied to any cleaning or repair costs incurred by Landlord upon the default of Resident. The Security Deposit also may be used to pay for damages suffered as the result of Resident's breach of this Agreement, including unpaid rent if Resident's breach is based fully or partially upon a failure to pay rent as provided herein. THIS DEPOSIT IS NOT RENT AND WILL

NOT BE APPLIED BY THE RESIDENT AS PAYMENT IN WHOLE OR PART OF ANY RENTAL PAYMENTS DUE DURING THE TERM OF THIS LEASE, UNLESS THE RESIDENT DEFAULTS IN THE OBLIGATION TO PAY RENT IN WHICH CASE LANDLORD MAY, AT ITS SOLE AND EXCLUSIVE OPTION, APPLY RESIDENTS SECURITY DEPOSIT TOWARDS PAYMENT OF RESIDENT'S UNPAID RENT. The Landlord will have no obligation to return the Security Deposit to Resident if Resident defaults in performance of Resident's promises herein contained. Landlord may retain Security Deposit or prepaid rent as a cancellation charge or as liquidated damages if Resident fails to take occupancy of the premises as agreed or violates any term of this Lease. THE LAST MONTHS RENT MAY BE APPLIED BY THE LANDLORD ONLY TO THE MONTH HEREIN STATED.

c. Release of Deposit: Release of said deposit will be subject to the following provisions:

- (1) Full rental period has expired.
- (2) Formal written notice of intent to vacate has been received by Landlord sixty (60) days prior to said vacating.
- (3) No damage to property beyond normal wear and tear is evident.
- (4) The entire dwelling, including range, refrigerator, bathroom, carpeting, closets, and cupboards are clean and the refrigerator is PROPPED OPEN.
- (5) No unpaid late charges, fees or delinquent rent remain outstanding.
- (6) All keys are returned.
- (7) All debris, rubbish and garbage is removed from premises.
- (8) Forwarding address has been left with Rental Agent.
- (9) A charge will be taken out of the Security Deposit for the cost of mailing the security deposit notice by certified mail.
- (10) A utility turn-on fee will be charged if any cleaning is required.

Once all the above conditions have been met to the satisfaction of Landlord and any costs of labor and materials for cleaning and repairs have been deducted along with late charges shown in paragraph 4(d) above, the remaining amount of said deposit will be returned BY US MAIL ONLY.

7. CONDITION OF PREMISES: By acceptance of occupancy, Resident acknowledges that the Premises are in good, clean and tenantable condition.

8. MAINTENANCE OF PREMISES: Resident agrees to keep the premises safe and clean, free of rubbish, debris and in such conditions as may be required by the regulations of any city, county, state, or other governmental authority without any abatement in rental. Any repair bills or maintenance expenses caused by Resident's abuse, misuse, improper use, or lack of knowledge or diligence in using any mechanical, electrical, plumbing, etc., will be charged to the Resident. This includes unnecessary calls such as to turn on a circuit breaker, unclog a drain. Plumbing stoppages that occur after the initial 45 days of occupancy will be deemed to be Resident's responsibility and will be paid by Resident. In the event Resident fails or refuses to make suitable repairs as aforesaid, Landlord may make such repairs and Resident will reimburse Landlord for all repairs so made.

RESIDENT WILL BE LIABLE FOR AND WILL PAY ALL COSTS AND EXPENSES FOR DAMAGES TO THE PREMISES LEASED TO RESIDENT (INCLUDES, BUT NOT LIMITED TO, REPLACING OR REPAIRING ALL BROKEN OR DAMAGED FURNISHING OR FIXTURES, AND ANY DEFACEMENT OR DAMAGES TO THE WALLS, CEILINGS, FLOORS AND DOORS) REGARDLESS OF WHETHER SUCH DAMAGE IS CAUSED BY RESIDENT OR RESIDENT'S GUESTS OR INVITEE. IT IS UNDERSTOOD THAT RESIDENT WILL BE OCCUPYING THE CONDOMINIUM UNIT JOINTLY WITH ANOTHER RESIDENT, AND RESIDENT WILL BE HELD LIABLE FOR A PRO RATA SHARE OF ANY DAMAGES TO THE COMMON AREAS OF THE PREMISES AND ITS FURNISHINGS, FIXTURES, WALLS, CEILINGS, FLOORS, AND DOORS UNLESS THE PARTY SOLELY RESPONSIBLE FOR SUCH DAMAGES CAN BE REASONABLY ASCERTAINED. ACCORDINGLY, RESIDENT MUST EXERCISE RESPONSIBILITY TO SEE THAT THE ENTIRE CONDOMINIUM UNIT IS MAINTAINED IN GOOD ORDER AND REPAIR. RESIDENT WILL IMMEDIATELY REPORT TO THE AGENT AND THE LOCAL LAW ENFORCEMENT AUTHORITY ANY ACTS OF VANDALISM TO THE PREMISES OR THE CONDOMINIUM UNIT IN WHICH THE PREMISES ARE LOCATED. RESIDENT WILL USE AND OPERATE IN A REASONABLE MANNER ALL ELECTRICAL, PLUMBING, SANITARY, HEATING, VENTILATING,

AIR CONDITIONING, AND ALL OTHER FACILITIES AND APPLIANCES. WASHERS, DRYERS, ICE-MAKERS, CEILING FANS AND GARBAGE DISPOSALS ARE CONSIDERED NON-ESSENTIAL. HOUSEHOLD ITEMS AND WILL BE REPAIRED AT THE OPTION OF THE LANDLORD.

Resident will change the air conditioning filters at least once every three (3) months. After taking occupancy of the Premises, Resident will be responsible for replacing all light bulbs as needed.

9. ALTERATIONS BY RESIDENT: Resident will not alter the premises in any manner nor paint the interior or exterior of the said premises without the written consent of Landlord. In the event of authorized alteration, said alterations will, at the option of Landlord, remain or be removed at the cost and expense of Resident. The Resident is prohibited from changing any locks or adding locks to any hinged doors. Resident may add additional removable window and/or sliding glass door locks that do not mar the surface of the windows or sliding glass doors.

10. RIGHT OF ENTRY AND INSPECTION BY LANDLORD: Resident will permit the Landlord or any of its agents to enter the leased premises during an emergency to examine and protect the same, to show the leased premises to prospective buyers or renters, or to make such repairs, additions or alterations thereto as may be deemed necessary. Prior to such inspection a 12 hour notice will be given to Resident. However, in the event entry is necessary for emergency reasons, Landlord may enter in the absence of the Resident by use of pass key or forbad entry without rendering Landlord or its authorized agents, servants or employees liable for any claim or cause of action for damage by reason thereof and without in any manner affecting the obligations and covenants of this Lease. For this purpose, Resident authorizes Landlord or its agents, employees or servants to enter the premises between the hours of 9:00 AM and 6:00 PM and if the Resident will not personally be present, such entry may be had by use of Landlord's pass key. The Resident is prohibited from changing any locks or adding locks to any hinged doors.

11. ASSIGNMENT AND SUBLETTING: Resident understands and agrees that Landlord may assign this Lease. This Lease may not be assigned by Resident without the prior written consent of Landlord, which consent may be withheld at the sole and absolute discretion of Landlord. In the event Resident requests a sublease and Landlord consents, Resident will pay a sublet fee of \$ _____.

12. RIGHTS UPON DEFAULT, RE-ENTRY: Upon Resident's failure to make any payment of rent when due, or upon Resident's breach of any other terms, covenants, agreements, or conditions herein contained, or if Resident abandons or vacates the Premises prior to the expiration of the Term, then Landlord, at its sole option may peacefully re-enter and repossess the Premises and remove and put out Resident and Resident's personal property in the manner allowed by Alabama law. In the event of such re-entry and repossession by the Landlord, Resident will be liable for all costs, fees and damages incurred by Landlord and such re-entry will not be deemed an acceptance by the Landlord or a surrender of any rights of Landlord or otherwise constitute a release of Resident from the terms of this Lease. After default, all unpaid rent will bear interest at the highest rate allowable under state law.

It is intended that Landlord's rights and remedies for Resident's breach of this Lease will include but will not be limited to: (a) the right to cancel this Lease, reserving the right to collect any unpaid rents, charges, and assessments for damages to the Premises; or (b) the right to accelerate the then entire unpaid balance of the rent for the term then remaining, or, the right to standby and collect rental payments as they become due; or (c) the right to sublease and rent the Premises for the account of Resident, in which event the proceeds from subletting will be applied first, to the cost of subletting (including advertising and commissions); second, to the cost of repairing any damage to the Premises; and third, to the Resident's rental obligations hereunder, with the Resident and guarantor(s) remaining fully responsible for any deficiency in the rental payments for the remainder of the Term. The exercise of any one remedy will not be deemed exclusive of the right to collect the entire amount of unpaid rent or damages, or of the Landlord's right to avail itself of any remedy allowed by Alabama law.

13. NON-LIABILITY OF LANDLORD FOR INJURY OR DAMAGE: Landlord will not be liable for any damage to property of Resident or of others located on the Property, nor for the loss of or damage to any property of Resident or of others by theft or otherwise. Resident will not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain, snow or leaks from any part of the Property or from the pipes, appliances or plumbing works or from

the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature. Landlord will not be liable for any such damage caused by other Residents or persons in the Property, occupants of adjacent property, of the buildings, or the public or caused by operations in construction of private, public or quasi-public work. Landlord will not be liable for any latent defect in the Property. All property of Resident kept or stored on the Property will be kept or stored at Resident's own risk and Resident will hold Landlord harmless from any and all claims arising out of damage to the same, including subornation claims by Resident's insurance carrier. Resident acknowledges and agrees that Landlord and any of its parent corporations, subsidiaries, officers, directors, agents, representatives, employees, and attorneys, will not be personally liable under any of the terms and provisions of this Lease and in the event any action brought by Resident or on behalf of Resident against any such parties to enforce their rights or remedies pursuant to the terms and provisions of this Lease any award, judgment, settlement or other compensation ordered or resulting from such action or settlement will be limited to the value of the Property.

Notwithstanding any term or provision herein to the contrary, the liability of Landlord for the performance of duties and obligations under this Lease is limited to Landlord's interest in the Premises, and neither Landlord nor its partners, shareholders, officers, agents, employees, directors, attorneys or other principals will have any personal liability under this Lease.

14. DESTRUCTION OF PREMISES: If the Premises are partially damaged or destroyed by fire or other casualty not attributable to the negligence or carelessness of Resident or Resident's guest or invites, the Premises will be promptly restored and repaired by Landlord and any rent for the period that the Premises are untenantable will abate, unless Landlord provides Resident with suitable alternate living space, in which event the rent due hereunder will not abate. If, however, the Premises are substantially destroyed, then this Lease may be terminated by either Landlord or Resident, in which event the rent due hereunder will cease to accrue as of the date of such damage or destruction. Notwithstanding the foregoing, it is expressly understood and agreed that Resident will not be excused from paying rent if the damage or destruction of the Premises is the result of or is attributable to the negligence or carelessness of Resident or the guests or invites of Resident, and Resident will be charged for the cost of any repairs or clean-up attributable to Resident's carelessness or negligence. In the event of fire or other casualty, the Resident will immediately notify Landlord.

15. INTENT TO QUIT AND VACATE PREMISES: Resident is not to vacate the Premises during the term of this Lease or continuation thereof, nor remove any of the Resident's goods from the premises unless Resident has first paid the Landlord the full rent due for the balance of the term together with other charges unless approved by the Landlord in writing. If, upon inspection, the Resident's personal property has been substantially removed from the Premises the Landlord may assume the Resident has abandoned the premises without notice, and Landlord may take possession.

16. CHECK-IN AND CHECK-OUT PROCEDURES: Immediately preceding Resident's taking possession of the Premises, Resident and Landlord or some other representative of the Landlord will conduct a joint inspection of the Premises and will note any conditions which are unacceptable to Resident and which Landlord agrees to correct, repair or otherwise remedy, and any other conditions observed, whether or not Landlord agrees to repair or remedy same. Resident and Landlord will also jointly inspect the Premises upon Resident's surrendering possession thereof at the termination of this Lease and note the condition of the Premises, including all appliances, and fixtures therein, and any damage done thereto which is deemed by Landlord to have arisen during Resident's occupancy and use of Premises. Resident will surrender possession of the Premises in a clean and sanitary condition, including, but not limited to, all appliances and the kitchen, living/dining and bath areas. It is understood and agreed that Resident's failure to follow the prescribed check-out procedures and to return all keys to Landlord, may result in the partial or full forfeiture of the security deposit hereunder, but in no event shall such forfeiture be construed as liquidated damages.

17. PARENTAL OR SPONSOR'S GUARANTY: Most of the residents are college-age students. The Landlord requires, as a condition of this Lease, a binding Parental or Sponsors Guaranty (the "Guaranty") which Guaranty constitutes an essential inducement for the granting of this Lease by Landlord. Landlord reserves the right to cancel this Lease in the event such Guaranty is not fully executed, notarized, and returned to Landlord within ten (10) days from the date of execution of this Lease by Resident. Resident

understands that the Guaranty must be obtained directly from the parent or sponsor and the Landlord reserves all rights, both civil and criminal, for any false execution or forgery of the Guaranty. Resident acknowledges that this Lease is an essential necessity of Resident and the Resident will be fully bound by all the terms and conditions hereof irrespective of Resident's age or legal status. Execution of the Guaranty constitutes additional insurance to Landlord of the performance of the covenants of this Lease and will not be construed as a release of Resident's responsibilities and obligations hereunder. A copy of the Continuing Parental or Sponsor Guaranty is attached hereto as Attachment 1.

18. RENEWAL AND HOLDOVER: If Resident holds over and continues in possession of the Premises or any part thereof after the expiration of the Lease without Landlord's written consent, Landlord may recover possession of the Premises in accordance with Alabama law. Landlord may also recover double the rent due for the Premises, or any part thereof, for the period during which Resident refuses to surrender possession.

19. GUESTS: Only occasional overnight and weekend guests are permitted. It is understood that occupancy of the Premises is expressly reserved for Resident only, and any persons occupying the Premises as a guest for more than seven (7) days during the Term will be treated as a guest only if Landlord is notified in writing by Resident and consents thereto. Otherwise, the occupancy of the Premises by an unauthorized guest in excess of said seven (7) day period will be deemed a breach of this Lease, and Landlord will be entitled to recover from the Resident and guest (whose liability will be joint and several) an additional amount of rent equal to that being paid by Resident. Collection of such additional rent will not impair the right of Landlord to declare the Lease in default and pursue any of Landlord's other remedies at law or in equity.

20. PETS: Except for animals assisting disabled or impaired persons, pets are prohibited. For animals allowed by this paragraph, Resident agrees to execute a separate pet agreement in such form as Landlord required.

21. UTILITIES: Resident will pay for all utilities including, but not limited to water, fuel, electric, phone service and cable service. All utilities will be activated in Resident's name prior to occupancy. Neither Landlord nor Agent will be liable for loss or damage resulting from the interruption of heat, electricity, water, sewer, telephone, cable TV or any other utility services, or for the malfunction of machinery or appliances serving the Premises or any part of the complex in which the Premises are located.

22. KEYS: Receipt for _____ key(s) is hereby acknowledged by the Resident, same to be returned at expiration of this Lease or a Fifteen (\$15.00) Dollar fee will be charged. Resident will not change the door locks or key to the Unit without the prior written consent of Landlord. In the event said locks or keys are changed, Resident will provide Landlord with a duplicate key to the Premises.

23. ABANDONED VEHICLES: Landlord may remove, at Resident's expense, any disabled or inoperable vehicles from the premises.

24. RULES AND REGULATIONS: Resident will abide by the Rules and Regulations of The Edge at Auburn Condominium, a copy of which is attached hereto as Attachment 2 and incorporated herein by reference. Landlord reserves the right to make reasonable changes to the Rules and Regulations and, upon notification to Resident of such changes, such amended Rules and Regulations will be deemed as equally binding upon Resident as if originally set forth herein. Resident agrees to abide by all governmental laws, orders and regulations and to avoid disruptive behavior or conduct. A BREACH OF ANY RULE OR REGULATION BY THE RESIDENT WILL CONSTITUTE A BREACH OF THE TERMS AND CONDITIONS OF THIS LEASE.

Resident will not destroy, deface, damage, impair or remove any part of the premises or property therein belonging to the Landlord nor permit any person to do so.

Resident will conduct themselves and require other persons on the Premises with their consent to conduct themselves, in a manner that does not disturb their neighbors or constitute a breach of the peace.

UNDER NO CIRCUMSTANCES WILL THE USE OF ALCOHOL OR DRUGS BE

PERMITTED IN OR AROUND ANY PUBLIC AREA IN THE EDGE AT AUBURN CONDOMINIUM. THIS INCLUDES, BUT IS NOT LIMITED TO, THE POOL, CABANA OR ANY OTHER PUBLIC AREA. THE FIRST VIOLATION OF THIS POLICY WILL RESULT IN A WRITTEN WARNING TO THE OFFENDING RESIDENT(S). A SECOND VIOLATION (OR ANY FIRST VIOLATION WHICH ALSO CONSTITUTES A VIOLATION OF LOCAL, STATE OR FEDERAL LAWS CONCERNING ALCOHOL OR DRUGS) WILL RESULT IN AN IMMEDIATE EVICTION FOR CAUSE.

25. MODIFICATION OF LEASE: No modification of this Lease will be effective unless both parties hereto will in writing agree to such modifications.

26. WAIVER: Failure of Landlord to insist upon a strict compliance with one or more of the covenants or promises herein contained or its failure to exercise any option herein contained will not be construed as a waiver or relinquishment of such provision, covenant or option but the same will continue in full force and effect.

27. NOTICES: Resident will, within five (5) days after occurrence, notify Landlord, in writing, of any alleged violation by Landlord of any of its obligations arising under this Lease or otherwise. Any notices or demands to Landlord, whether pursuant to this Lease or otherwise, must be in writing and must be delivered by hand delivery or certified mail, Return Receipt Requested, to: The Edge at Auburn, 1114 South College, Auburn, AL 36830. The failure of Resident to make such notification in writing within the time prescribed will constitute a total and complete waiver of said objection and will not be alleged by Resident as any grounds for nonperformance of any provision of this Lease in a court of law or otherwise

28. RADON DISCLOSURE STATEMENT: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Alabama. Additional information regarding radon and radon testing may be obtained from your county public health unit.

29. WATERBEDS: Under no circumstances may waterbeds or other liquid filled furniture be used unless insurance is provided by Resident in accordance with Alabama law. NO WATERBED OR OTHER LIQUID FILLED FURNITURE MAY BE PLACED ON THE SECOND OR THIRD FLOOR OF ANY DWELLING UNDER ANY CIRCUMSTANCES, WHETHER OR NOT SUCH INSURANCE IS PROVIDED, AS THE FLOOR IS NOT STRUCTURALLY DESIGNED TO SUPPORT THE LOADS IMPOSED BY SUCH FURNITURE.

30. SUBORDINATION: Resident agrees that this Lease will be subject and subordinate to any mortgage or encumbrance now on the Premises or which any owner of the Premises may hereafter at any time elect to place on the Premises. The Resident agrees to promptly execute any instrument evidencing such subordination and confirming such factual matters and representations that Landlord or its successors or assigns may request. The Resident further irrevocably appoints the Landlord as his or her attorney in fact with full power and authority to execute any such instrument on behalf of Resident.

31. DELAY IN DELIVERY OF POSSESSION: If the Landlord is unable to give possession of the Premises on the date of the commencement of the term because occupant refuses to give up possession or for any other reason, Landlord will not be liable for failure to deliver possession on said date but the rent payable hereunder will be abated until Landlord tenders possession to Resident. The termination date of the Lease will not be extended.

32. BINDING EFFECT: This Lease will be binding upon the parties, their heirs, representatives, and assigns. The heading or titles to paragraphs herein are not part of this Lease and will have no effect upon construction or interpretation. For purposes of interpretation of this Lease, the masculine will include the feminine and the singular will include a plural.

33. ATTORNEY'S FEES: In any action to enforce the terms of this Lease, the prevailing party will be entitled to recover its costs and expenses including, but not limited to attorney's fees and expenses, incurred in connection therewith whether or not legal action is instituted.

34. GOVERNING LAW: This Lease is governed by and construed in accordance with the laws of the state of Alabama.

35. AGENCY DISCLOSURE: Resident is given notice that _____ is the agent of the Landlord and/or owner. The undersigned acknowledges that this written notice was received prior to the undersigned receiving a contractual offer of lease agreement.

36. LATE PAYMENTS AND RELATED CHARGES:

(1). Late Payment Charge (see Paragraph 5(d)): \$ _____. Monthly payments are due in advance on or before the FIRST DAY of each month. Rent payments received after the first day are considered late. The LATE CHARGE shown above will be charged after 5:00 p.m. on the FIFTH DAY of each month.

(2) The following Charge for each RETURNED CHECK \$ 50.00 (see paragraph 5(f))

READ THIS LEASE CAREFULLY BEFORE SIGNING.

ACKNOWLEDGMENT

RESIDENT HEREBY ACKNOWLEDGES THAT HE OR SHE HAS READ THIS RESIDENTIAL RENTAL AGREEMENT INCLUDING THE ADDITIONAL PROVISIONS AND ALL ADDENDUMS AND ATTACHMENTS. RESIDENT ACKNOWLEDGES THAT THIS AGREEMENT IS A LEGAL DOCUMENT AND IS INTENDED TO BE ENFORCEABLE AGAINST RESIDENT AND ANY GUARANTOR IN ACCORDANCE WITH ITS TERMS AND CONDITIONS. RESIDENT SHOULD SEEK COMPETENT LEGAL ADVICE IF ANY PORTION OF THIS AGREEMENT OR RELATED DOCUMENTS IS NOT CLEAR OR OTHERWISE UNDERSTOOD BY RESIDENT.

IT IS RECOMMENDED THAT RESIDENTS OBTAIN PERSONAL PROPERTY INSURANCE AND PERSONAL LIABILITY INSURANCE BEFORE OCCUPANCY OF LEASED PROPERTY.

IN WITNESS WHEREOF, we have hereunto set our hands and seals at Auburn, Lee County, Alabama, on the date first above written.

RESIDENT(S):

LANDLORD:(OWNER)

Name: First Middle Last

(Print Name of Lessor-Owner)

Name: First Middle Last

By: _____
(Name of Management Company (if applicable) as Agent for Landlord)

Name: First Middle Last

By: _____
(Signature by Authorized Person Signing for
Management Company or Lessor, as applicable)

Name: First Middle Last

DATE SIGNED: _____

RESIDENT(S) received a fully executed copy of this Lease on _____, 2002 by mail or by hand

READ ADDITIONAL PROVISIONS ATTACHED HERETO BEFORE SIGNING ADDENDUMS TO

RESIDENTIAL RENTAL AGREEMENT:

Attachment 1: Continuing Parental or Sponsor Guaranty

Attachment 2: Rules and Regulations

Address _____ Phone _____

Address _____ Phone _____

SWORN TO AND SUBSCRIBED BEFORE ME THIS _____ day of _____, 2001.

Notary Public
My Commission Expires:

(SEAL)

THE EXECUTION OF THIS DOCUMENT IS A MATERIAL INDUCEMENT FOR LANDLORD TO ENTER INTO A LEASE CONTRACT, AND LANDLORD IS FULLY RELYING UPON THE DUE AND VALID EXECUTION BY ALL PERSONS WHOSE NAMES ARE SHOWN ABOVE. LANDLORD RESERVES ALL RECOURSE, CIVIL OR CRIMINAL, IN THE EVENT OF A FALSE OR FORGED EXECUTION HEREOF. FURTHER, THIS AGREEMENT SHALL REMAIN IN EFFECT FOR THE ENTIRE TERM OF THE LEASE CONTRACT, OR ANY RENEWAL, EXTENSION OR SUBSEQUENT LEASE CONTRACT TO WHICH RESIDENT AND LANDLORD, OR ITS SUCCESSORS OR ASSIGNS, ARE PARTIES.

FREQUENTLY ASKED QUESTIONS AND ANSWERS SHEET

THE EDGE AT AUBURN CONDOMINIUM ASSOCIATION, INC.

As of April 17, 2002

Q: What are my voting rights in The Edge at Auburn Condominium Association, Inc. (the "Association")?

A: Each Unit is entitled to one (1) vote at Association meetings.

Q: What restrictions exist in the Condominium Documents on my right to use my Unit?

A: There are several restrictions on the use of Units in the Condominium. Refer to Article XII of the Declaration of Condominium (the "Declaration"), a copy of which is attached to the Offering Statement as Exhibit I, and to the Condominium Rules and Regulations, a current copy of which is attached as Exhibit F to the Declaration. Children are permitted. Certain pets are not allowed.

Q: What restrictions exist in the Condominium Documents on the leasing of my Unit?

A: There are no restrictions of the long-term rental of Units. Units may not be leased on a transient basis or for terms of less than 30 days. Please refer to Article XIII of the Declaration.

Q: How much are my assessments to the Association and when are they due?

A: The annual regular assessment for each Unit for budget year 2002 assessments will be payable to the Association in equal monthly installments of \$90.00 per month for two-bedroom units, \$113.00 per month for standard three-bedroom units, and \$124.00 per month for deluxe three-bedroom and four-bedroom units.. Annual regular assessments do not include ad valorem taxes on individual Units or any special assessments that may be levied by the Association For more information see Article VIII of the Declaration, which is attached as Exhibit 1 to the Offering Statement, and the Annual Estimated Operating Budget, which is attached as Exhibit 2 to the Offering Statement.

Q: Am I required to pay rent or land use fees for recreational or other commonly used facilities? If so, how much am I obligated to pay annually?

A: All recreational and other commonly used facilities available for use by Owners of Units in the Condominium are owned and maintained by the Association. Refer to Article III of the Declaration attached as Exhibit I to the Offering Statement for more information regarding the obligations imposed upon the Association with respect to the same. Owner's financial obligation in connection with these facilities is to pay his share of the Association's assessment. The amount Owner is obligated to pay for budget year 2002 is set forth above.

Q: Do I have to be a member of any other Association? If so, what is the name of the Association? Also, how much are my assessments?

A: Owners of Units in the Condominium are not required to be a member of any other Association.

NOTE: THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES TO EXHIBITS HERETO. THE SALES CONTRACT AND THE CONDOMINIUM DOCUMENTS.

Unit No. _____
Purchaser(s): _____

RECEIPT FOR CONDOMINIUM DOCUMENTS

The undersigned acknowledges that the documents checked below have been received or, as to plans and specifications, made available for inspection.

Name of Condominium: The Edge at Auburn Condominium
Address of Condominium: 1114 S. College St., Auburn, AL 36830

Place a check in the column by each document received or, for the plans and specifications, made available for inspection. If an item does not apply, place "N/A" in the column.

<u>DOCUMENT</u>	<u>RECEIVED</u>
Offering Statement Text	_____
Declaration of Condominium	_____
Articles of Incorporation	_____
Bylaws	_____
Estimated Operating Budget and Estimated Monthly Assessment	_____
Form of Agreement for Sale or Lease and Form Residential Rental Agreement	_____
Rules and Regulations	_____
Covenants and Restrictions	N/A
Ground Lease	N/A
Management and Maintenance Contracts for More than One Year	N/A
Renewable Management Contracts	_____
Sales Brochure	_____
Plot Plan	_____

SPECIMEN

Floor Plan _____

Survey of Land and Graphic Description of Improvements _____

Plans and Specifications Made Available _____

THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 35-8A-403 through 35-8A-406, Ala. Code (1975). THIS AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 7 (SEVEN) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

SPECIMEN

Executed this _____ day of _____ 2002.

Purchaser _____ Purchaser _____

Purchaser _____ Purchaser _____

Unit No. _____
Purchaser(s): _____

RECEIPT FOR CONDOMINIUM DOCUMENTS

The undersigned acknowledges that the documents checked below have been received or, as to plans and specifications, made available for inspection.

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Estimated Operating Budget and Estimated Monthly Assessment	_____
Form of Agreement for Sale or Lease and Form Residential Rental Agreement	_____
Rules and Regulations	_____
Covenants and Restrictions	N/A
Ground Lease	N/A
Management and Maintenance Contracts for More than One Year	N/A
Renewable Management Contracts	_____
Sales Brochure	_____
Plot Plan	_____

Floor Plan _____

Survey of Land and Graphic Description of Improvements _____

Plans and Specifications Made Available _____

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Executed this ____ day of _____, 2002.

Purchaser _____ Purchaser _____

Purchaser _____ Purchaser _____

**CONSENT OF MORTGAGEE
TO DECLARATION OF CONDOMINIUM**

THIS CONSENT made and entered into this 23rd day of April, 2002, by BancorpSouth Bank, ("Mortgagee").

WITNESSETH:

WHEREAS, Mortgagee is owner and holder of that certain Mortgage and Security Agreement executed by The Edge at Auburn, L.P., in favor of BancorpSouth Bank, in the amount of \$6,638,000.00, dated January 10, 2002 and recorded January 23, 2002, in Mortgage Book 2840, Page 8 in the Office of the Judge of Probate of Lee County, Alabama (the "Mortgage"); and

WHEREAS, the Mortgage encumbers the land and the improvements located thereon (the "Property") described in the Declaration of Condominium of The Edge at Auburn Condominium, hereinafter referred to as the "Declaration", recorded at Condominium Book 6A, Page 36, in the Office of the Judge of Probate of Lee County, Alabama; and

WHEREAS, Mortgagee has agreed to consent to the Declaration.

NOW, THEREFORE, Mortgagee agrees as follows:

1. Mortgagee does hereby consent to the recordation of the Declaration, provided, however, no amendment to the Declaration shall be effective against Mortgagee unless Mortgagee has executed a joinder and consent as to said Amendment.
2. Mortgagee agrees that the lien of the Mortgage, as the same applies to and encumbers the Property, shall be upon the Condominium Parcels of The Edge at Auburn Condominium.
3. This Consent shall apply and be effective solely to the Property, and nothing herein contained shall otherwise affect, alter, or modify in any manner whatsoever the terms and conditions, lien, operation, effect, and priority of the Mortgage as to the Condominium Parcels in The Edge at Auburn

Page 1 of 2

CONDO	6A	289
Recorded In Above Book and Page		
06/05/2002 02:01:47 PM		
BILL ENGLISH		
PROBATE JUDGE		
LEE COUNTY		
Recording Fee		11.00
TOTAL		11.00

Condominium, and any other land or improvements encumbered by the Mortgage.

IN WITNESS WHEREOF, Mortgagee has caused this instrument to be executed by its duly authorized officer the day and year first above written.

WITNESSES:

"MORTGAGEE"

Print Name: Ed Reaves
ER

Print Name: _____

BancorpSouth Bank
By: Troy A. Godwin
Print Name: Troy A. Godwin
As its: Executive Vice President

STATE OF ALABAMA)
) SS
COUNTY OF LEE)

BEFORE ME, the undersigned authority authorized to take acknowledgments in the state and county aforesaid, appeared Troy A. Godwin, who is personally known to me to be the Ex. Vice President of BancorpSouth Bank, and Troy A. Godwin acknowledged that he executed the foregoing instrument on behalf of the bank pursuant to due authority therefrom.

WITNESS my hand and seal this 23 day of April, 2002.

Ben S.

Notary Public
My Commission expires 1/14/2003

[SEAL]

AMENDMENT NO. 1

BYLAWS OF

THE EDGE AT AUBURN CONDOMINIUM ASSOCIATION, INC.

In accordance with Article VIII, Section 3 of the Bylaws of The Edge at Auburn Condominium Association, Inc. (the "Association"), the Developer hereby amends the Bylaws of the Association in order to comply with applicable requirements of FNMA as follows:

Article VI ("Fiscal Management"), Section 6 of the Bylaws is hereby amended to read as follows in its entirety:

6. Within sixty (60) days following the end of the Association's fiscal year, the board of directors shall mail or furnish by personal delivery to each member a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall also be furnished to any Mortgagee upon written request.


Within one-hundred, twenty (120) days following the end of the Association's fiscal year, an audited financial statement for the preceding fiscal year shall be available to the holder, insurer, or guarantor of any first mortgage that is secured by a Unit upon submission of a written request therefor.

In lieu of sending the financial report to the owners as set forth above, the board of directors shall be permitted to send a complete set of financial statements to the owners within ninety (90) days following the end of the previous fiscal year.

CERTIFICATE

The undersigned hereby certifies that she is the duly elected and acting secretary of the Association named herein and that the foregoing is a true copy of Amendment No. 1 to the Bylaws of said Association duly adopted by the Developer on June 17, 2002, and hereby further certifies that such Bylaws have not been otherwise amended or rescinded and remain in full force and effect at the date hereof.

Dated the 21 day of June, 2002.



Secretary