

STATE OF ALABAMA

COUNTY OF LEE

DECLARATION OF CONDOMINIUM

FOR

COLLEGE SQUARE CONDOMINIUM

THIS DECLARATION, made this 16th day of October, 1989, by JRG Developments, Inc., a Georgia Corporation, whose address is 595 South Millidge Avenue, Athens, Clarke County, Georgia, (hereinafter referred to as the "Declarant").

W I T N E S S E T H:

WHEREAS, the Declarant is the fee simple owner of all that tract or parcel of land (hereinafter referred to as the "Property"), described in Exhibit "A" attached hereto and by this reference made a part hereof, and the improvements situated thereon, and desires to submit the Property and the improvements to the provisions of the Alabama Condominium Ownership Act (Acts 1964, 1st Ex. Sess., No. 206, P. 266, § 1; Acts 1973, No. 1059, p. 1732, § 1.) as may be amended and revised, (hereinafter sometimes referred to as the "Act"); and,

WHEREAS, the Property is shown on that certain plat of survey entitled "Survey for College Square Condominiums" by T. Richard Fuller Land Surveying, Inc., dated October 5, 1989, 1989 (hereinafter referred to as the "Plat"), recorded in Condominium Plat Book 2, Page 52, et. seq. in the Office of the Judge of Probate of Lee County, Alabama; and,

WHEREAS, said improvements are shown on those certain drawings entitled "Plans for Condominiums College Square" dated September 5, 1989 (hereinafter referred to as the "Plans"), recorded in Condominium Plat Book 2, Page 48, et. seq. in the Office of the Judge of Probate of Lee County, Alabama;

NOW THEREFORE, Declarant hereby declares that the Property described in Exhibit "A" hereto, including the improvements thereon, is hereby submitted and made subject to the form of ownership set forth in the Act, and is hereby made subject to this Declaration. The Property shall be owned, held, transferred, sold, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the provisions of the Act and the Declaration, and every grantee of any interest in the Property by acceptance of a deed or other conveyance of such interest, whether or not such deed or other conveyance of such interest shall reference the Act and this Declaration, and whether or not signed by such person, and whether or not such person shall otherwise consent in writing, shall take subject to the provisions of the Act and this Declaration and shall be deemed to have assented to the same.

ARTICLE I
STATUTORY REFERENCE

1.01 Alabama Condominium Ownership Act. This Declaration is made pursuant to Title 35, Chapter 8, of the Code of Alabama 1975 known as the Alabama "Condominium Ownership Act" (Acts 1964, 1st Ex. Sess., No. 206, p. 266, § 1; Acts 1973, No. 1059, p. 1732, § 1.), and as may be amended and revised.

1.02 Definitions. The terms used in this Declaration, unless otherwise specified or unless the context otherwise required, shall have the meanings specified in Title 35, Chapter 8, of the Code of Alabama. In addition, when used in this Declaration (unless the context otherwise requires), the following words shall have the following meanings:

(a) "Association" shall mean and refer to College Square Condominium Association, Inc., a non-profit Alabama Corporation, its successors and assigns.

(b) "Property" shall mean and refer to the real property described in Exhibit "A" hereto, which is hereby submitted to the form of ownership prescribed in the Act and to the provisions of this Declaration.

(c) "By-Laws" shall mean the By-Laws of the Association which shall be recorded with the Declaration as Exhibit "G", attached hereto and by this reference made a part hereof.

(d) "Unit" means the private elements of the condominium property, together with the undivided interest in the common elements and limited common elements, if any, which are assigned thereto in the declaration, together with the interest, easements and other rights appurtenant to a unit as provided for under Title 35-8-5 of the Code of Alabama 1975.

(e) "Unit Owner" or "Owner" means the owner of record title to a fee interest in a unit, and shall include developer so long as Declarant is the owner of any unit unless otherwise herein specified.

(f) "Private Elements" means a part or parts of the condominium property intended for the exclusive ownership and possession by unit owner, and the description and location of the private elements and the appurtenances thereto are determined with the aide of the plans and Exhibit "B" hereto.

ARTICLE II PROPERTY RIGHTS

2.01 Name and General Description. The name of the Condominium, which is located on Cox Street, Auburn, Lee County, Alabama, shall be College Square Condominium. The Condominium consist of the Property, described by metes and bounds in Exhibit "A" hereto, together with the improvements situated thereon. The improvements include, but are not limited to, three (3) buildings which contain a total of forty-two (42) units.

2.02 Description of Residential Units. Each Unit (including its undivided interest in the Common Elements in the percentages hereinafter established and delineated) shall for all purposes constitute real property which may be owned in fee simple and which, subject to the provisions of the Act and this Declaration, may be transferred, conveyed and encumbered in the same manner as any other real property. Such undivided interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered with the Unit even though such interest is not expressly stated or referred to in the conveyancing instrument. The boundaries of each Unit shall be deemed to be the walls, floors and/or ceilings thereof, as more particularly described in Exhibit "B" attached hereto and by this reference made a part hereof. The location and dimensions of the boundaries of each Unit, to the extent that such boundaries lie within or coincide with the boundaries of every structure which contains or constitutes all or part of any Unit, are depicted on the Plat and Plans. Prior to the first conveyance of any Unit by the Declarant, the Declarant will cause a certificate in the form of Exhibit "C" attached hereto, which is by this reference made a part hereof, to be recorded in accordance with the provisions of the Act. The Units are identified in the Plans by the Unit identifying numbers shown on Exhibit "D" attached hereto and by this reference made a part hereof, which Exhibit also serves to set forth (i) the approximate area of each Unit; and (ii) the allocation of interests in the Common Elements and Limited Common

Elements, voting rights in the Association and liabilities for Common Expenses to each Unit.

2.03 Description of Limited Common Elements. Supplementing the provisions of the Act, ownership of each Unit shall entitle the Owner thereof to the exclusive use of those portions of the Common Elements consisting of (a) any heating and/or air conditioning compressors, units, components or other apparatus serving such Unit which may be located beyond the boundaries thereof, (b) any entranceways, stairways and appurtenant fixtures and facilities providing direct access to the Units, and (c) any patio or balcony, together with the enclosure therefore, now or hereafter located in whole or in part adjacent to a Unit, or any parking spaces or storage facilities designated for the use of a particular Unit or Units. In the event that any of the items described herein or in the Act serve one or more units but less than all of the Units in the building, such items shall be Limited Common Elements appurtenant to the Unit or Units served thereby.

2.04 Description of Common Elements; Use Charges. The Common Elements shall consist of all portions of the Condominium other than the Units, and shall include, without limitation, the grounds, outside parking areas, storage and laundry areas, halls, lobbies, elevators and stairwells. The Association is hereby granted the right at any time and from time to time to impose charges for the use of certain of the Common Areas, including, without limitation, the parking, storage and laundry areas.

2.05 Private Elements. Private Elements means a part or parts of the condominium property intended for the exclusive ownership and possession by unit owner, and the description and location of the private elements and the appurtenances thereto are determined with the aid of the plans and Exhibit "B" hereto.

2.06 Easements. The following easements from each Unit Owner to the other Unit Owners, the Association and the Declarant are hereby reserved and established:

(a) Use and Enjoyment. Every Unit Owner, his successors, legal representatives, heirs and assigns, family, tenants and guests have a right and easement of use and enjoyment in and to the Common Elements (including the right of access, ingress and egress to and from his Unit over those portions of the Property designated for such purpose) and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provision: The right of the Association to control the use and enjoyment thereof as provided in Article VIII and IX hereof;

(b) Maintenance and Repair. There shall be an easement through the Units, the Common Elements and the Limited Common Elements for the installation, maintenance, repair and replacement of Units, the Common Elements and the Limited Common Elements. Use of this easement shall be only during normal business hours, except that access may be had at any time in the case of emergency;

(c) Structural Support. Every portion of a Unit which contributes to the structural support of another Unit shall be burdened with an easement of structural support;

(d) Utilities. The Association shall have the power to grant and accept easements over, through and across the Condominium for the installation, maintenance and replacement of utilities and other purposes, and as otherwise provided in the Act; and

(e) General. (i) There shall be a general easement to the Association, its directors, officers, agents and employees

(including, but not limited to, any manager employed by the Association) to enter upon the Condominium or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with the permission of the Unit Owner(s) directly affected thereby; (ii) the Declarant and his duly authorized agents, representatives and employees shall have an easement for the maintenance of sales offices and/or Model Units in the Condominium for so long as the Declarant owns any Unit; and (iii) the Declarant and his duly authorized agents, representatives and employees shall have an easement on and over the Common Elements and the Limited Common Elements for the purpose of making improvements in and to the Condominium and for the purpose of doing any and all things reasonably necessary and proper in connection therewith.

2.07 Allocation of Undivided Interest in Common Elements. Pursuant to the provisions of the Act, the undivided interest in the Common Elements and Limited Common Elements allocated to each Unit is that percentage set forth in Exhibit "D" hereto. The undivided interest in the Common Elements and Limited Common Elements hereby allocated to each Unit shall not be altered except to the extent otherwise expressly provided by the Act or permitted by this Declaration, and any purported transfer, encumbrance or other disposition of that interest without the Unit to which it appertains shall be void.

2.08 Alterations of Units. Subject to the provisions of the By-Laws of the Association in effect from time to time, any Unit Owner may make any improvements or alterations to the interior of his Unit that are not of a structural nature and do not impair the structural integrity of any structure or otherwise lessen the support of any portion of the Condominium. No other improvements or alterations of any kind shall be made without the prior written approval of the Board of Directors of the Association. Subject to the provisions of this Section 2.07, boundaries between Units may be relocated in accordance with the provisions of the Act.

2.09 Reassignment of Limited Common Elements. The reassignment of Limited Common Elements may be made pursuant to the provisions of the Act.

2.10 Subsequent Assignment of Common Elements as Limited Common Elements. In the event that the Association's Board of Directors should authorize or otherwise provide for the assignment of parking spaces adjacent to the buildings, or storage facilities in various locations within the buildings, as Limited Common Elements, an amendment to this Declaration making any such assignment shall be prepared, executed and recorded pursuant to the provisions of the Act. Any other assignment of Common Elements as Limited Common Elements shall be effected only by means of an amendment to this Declaration duly executed and recorded pursuant to the provision of the Act.

2.11 Declarant's Right to Expand the Condominium. The Declarant hereby reserves the right to expand the Condominium by submitting additional property upon which additional Units have been or will be constructed. The provisions with respect to the Declarant's right to expand are set forth in Exhibit "F" attached hereto and by this reference made a part hereof.

ARTICLE III MAINTENANCE AND REPAIR

3.01 Association. Except as may be otherwise specifically provided for herein, the responsibility of the Association with respect to the maintenance and repair of the Condominium shall be as follows:

(a) To maintain in good working order and condition, repair and replace the Common Elements, provided, however, that the Association may with the consent of Unit Owners to which seventy-five percent (75%) of the voting rights of the Association appertain, alter the use or form of the Common Elements including, without limitation, construction of improvements thereon, or elect not to repair or replace any portion of the Common Elements; and

(b) To provide exterior maintenance of the buildings containing the Units, all as more particularly provided for in the By-Laws of the Association.

3.02 Unit Owner(s). The responsibility of a Unit Owner with respect to the maintenance and repair of his Unit, and the Limited Common Elements appurtenant thereto, shall be as follows:

(a) To maintain, repair and replace all portions of his Unit, and the Limited Common Elements appurtenant thereto, except those portions which are to be maintained, repaired or replaced by the Association. Included in those portions which are to be maintained, repaired or replaced by the Association are the following: (i) all exterior walls of the buildings, (ii) the roofs of any buildings, (iii) the amenities, if any, provided for the use of the Unit Owners, and (iv) any electrical conduits or plumbing pipes serving more than one Unit. The responsibility of the Unit Owner shall include the maintenance, repair and replacement of all fixtures and equipment installed in his Unit as well as the maintenance, repair and replacement of the wiring, plumbing, heating ducts and components, windows, screens and exterior lights, if any, serving his Unit, except any such items that are Common Elements under the description of unit boundaries set forth in Exhibit B hereto;

(b) To keep in a neat, clean and sanitary condition his Unit and any Limited Common Elements serving his Unit;

(c) To perform his responsibilities in such manner so as not to unreasonably disturb other persons in other Units;

(d) Not to paint or otherwise decorate or change the outside appearance of his Unit, any appurtenances thereto, or any Limited Common Elements serving his Unit unless the written consent of the Board of Directors of the Association, or an architectural committee appointed by the Board, is first obtained. Further, the design, type, location, size, color and intensity of all exterior lights shall be subject to control by the Board of Directors of the Association;

(e) To promptly report to the Association or its agents any defect or need for repairs, for which the Association is responsible;

(f) Not to make any alterations in the portions of the Unit, and the Limited Common Elements appurtenant thereto, which are to be maintained by the Association, or to remove any portion thereof, or to make any additions thereto, or do anything with respect to the exterior or interior of the Unit which would or might jeopardize or impair the safety or soundness of any Unit without first obtaining the written consent of the Board of Directors of the Association and all Unit Owners and mortgagees of the Units affected, nor shall any Unit Owner impair any easement without first obtaining written consent of the Association and of the Unit Owner or Owners and their mortgagees for whose benefit such easement exists; and

(g) To pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Unit Owner, but which responsibility such Owner fails or refuses to discharge

(which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Unit Owner, his family, tenants or guests; with the cost thereof to be specifically assessed against such Unit Owner in accordance with Section 4.02 of Article IV hereof and the By-Laws of the Association.

ARTICLE IV
ASSESSMENTS

4.01 General Obligation. Each Unit Owner shall be responsible for and hereby covenants and agrees to pay to the Association all sums duly assessed by the Expenses appertaining to that Unit or otherwise, including without limitation, those special assessments described in Section 4.02 hereinbelow and those assessments for water and sewer usage described in Section 4.03 hereinbelow, and for insurance described in Article V hereinbelow, which assessments are to be fixed, established and collected from time to time by the Board of Directors of the Association in accordance with this Declaration and the By-Laws of the Association. Pursuant to the Act, such assessments shall constitute a lien in favor of the Association on the Unit or Units against which each such assessment is levied, and such assessment, together with the lien thereof, shall include (a) a late or delinquency charge; (b) interest on each assessment or installment thereof, and any delinquency or late charge appertaining thereto, from the date the same was first due and payable; (c) the costs of collection, including court costs, the expenses of sale, any expenses required for the protection and preservation of the Unit and reasonable attorney's fees actually incurred; and (d) the fair rental value of the Unit or Units from the time of the institution of suit until the sale of that Unit at foreclosure (or until satisfaction of the judgment rendered in such suit), all in accordance with and to the maximum extent permitted by the Act. The recordation of the Declaration shall constitute served notice of the existence of such lien, and no further recordation of any claim of lien for assessment shall be required.

4.02 Special Assessments. Each owner of a Unit shall be liable for and shall pay special assessments for Common Expenses incurred by the Association, as follows: (a) any Common Expenses associated with the maintenance, repair, renovation, restoration or replacement of any Limited Common Element shall be specially assessed against the Unit or Units to which that Limited Common Element was assigned at the time such expenses were made; (b) any Common Expenses benefiting less than all of the Units shall be specially assessed equitably among all of the Units so benefited; (c) any Common Expenses occasioned by the conduct of less than all of those entitled to occupy all of the Units or by the licensee or invitees of any such Unit or Units shall be specially assessed against the Unit or Units, the conduct of any occupant, licensee or invitee of which occasioned any such Common Expenses; (d) any other Common Expenses significantly disproportionately benefiting less than all of the Units shall be assessed equitably among such Units; and (e) any maintenance expenses occasioned by increased traffic and activity in the common areas located adjacent to commercial units shall be assessed against the commercial units only. In addition to the special assessment for reconstruction or repair of casualty damage, the Board of Directors of the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any capital addition to or capital improvement of the Common Elements (including the necessary fixtures and personal property related thereto), or for the cost or repair or replacement of a portion of the Common Elements (including the necessary fixtures and personal property related thereto), which is for the benefit of all Unit Owners in the Condominium as a

whole. The Association shall endeavor to anticipate and budget for special assessments, and to collect such assessments in monthly installments over a reasonable period of time; provided, however, that nothing herein shall prevent the Association from requiring payment of a special assessment in a lump sum if such payment is in the best interest of the Association.

4.03 Allocation of Liability for Water and Sewer Usage. As this Declaration contemplates the use of a common meter for water and sewer utilities, each owner of a Unit shall be liable for and shall pay a monthly assessment for each Unit by dividing the number of bedrooms in that particular Unit by the total number of bedrooms in all Units in the Condominium; this percentage will then be multiplied by the total water and sewer bill for the Condominium to arrive at that Unit's assessment. The Unit Owner's total monthly assessment then would include his liability for Common Expenses, plus his liability for water and sewer usage, plus his liability for special assessments, if any.

4.04 Allocation of Liability for Common Expenses. The amount of all Common Expenses, including but not limited to insurance as described in Article V hereinbelow, except for expenses specially assessed pursuant to Section 4.02 above and except for water and sewer usage expenses assessed pursuant to Section 4.03 above, shall be assessed against the Units in accordance with the respective percentage allocations of liability for Common Expenses attributable to each Unit as provided for in Exhibit "D" hereto.

4.05 Priority of Lien. The lien of the assessment provided for in this Article IV shall be prior and superior to all other liens except only (a) ad valorem taxes, (b) the lien of a first mortgage, if any, or secondary purchase money mortgage, if any, to which a Unit is subject, and (c) the lien of any mortgage recorded prior to the recording of this Declaration. The sale or transfer of any Unit shall not affect the assessment lien; provided, however, that the sale or transfer of any Unit, which is subject to any such mortgage, pursuant to the foreclosure thereof or a transfer by deed or assignment in lieu of foreclosure shall extinguish the lien of such assessments as to the payments thereof which became due prior to the date of such sale or transfer. No sale or transfer shall relieve the Unit Owner from liability for any assessment theretofore or thereafter becoming due.

4.06 Liens in Favor of Association. The Association shall have a lien on each unit for any unpaid assessment duly made by the Association for a share of Common Expenses, Limited Common Expenses or otherwise, together with interest thereon and, if authorized by the Declaration or By-Laws, reasonable attorney's fees. Such lien shall be effective from and after the time of recording in the public records of the county in which the unit is located of a claim of lien stating the description of the unit, the name of the record owner, the amount due and the date when due. Such claim of lien shall include only sums which are due and payable when the claim of lien is recorded and shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by the lien, the party making payment shall be entitled to a recordable satisfaction of lien. All such liens shall be subordinate to any lien for taxes, the lien of any mortgage of record and any other lien recorded prior to the time of recording of the claim of the Association's lien.

(1) Upon any voluntary conveyance of a unit, the grantor and grantee of such unit shall be jointly and severally liable for all unpaid assessments pertaining to such unit duly made by the Association or accrued up to the date of such conveyance without prejudice to the right of the grantee to recover from the

grantor any amounts paid by the grantee, but the grantee shall be exclusively liable for those accruing while he is the Unit Owner.

(2) Any Unit Owner or any purchaser of a unit prior to completion of a voluntary sale may require from the Association a certificate showing the amount of unpaid assessments pertaining to such unit, and the Association shall provide such certificate within 10 days after request therefor. The holder of a mortgage or other lien on any unit may request a similar certificate with respect to such unit. Any person other than the Unit Owner at the time of issuance of any such certificate who relies upon such certificate shall be entitled to rely thereon, and his liability for such unpaid assessments shall be limited to the amounts set forth in such certificate.

(3) If a holder of a first lien of record or other purchaser of a unit obtains title to such unit as a result of foreclosure of the first lien, such acquirer of title, his successors and assigns shall not be fully liable for the share of Common Expenses, Limited Common Expenses or other assessments by the Association pertaining to such unit or chargeable to the former Unit Owner which became due prior to acquisition of title as a result of the foreclosure. Such unpaid share of Common Expenses, Limited Common Expenses or other assessments shall be deemed to be Common Expenses or Limited Common Expenses collectable from all of the remaining Unit Owners including such acquirer, his successors and assigns.

(4) Liens for unpaid assessments may be foreclosed by an action brought in the name of the Association in the same manner as foreclosure of a mortgage on real property. The Association shall have the power, to bid in the unit at foreclosure sale and to acquire, hold, lease, mortgage and convey the same. An action to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same.

ARTICLE V INSURANCE

5.02 General Obligation and Authority. The Association shall obtain and maintain at all times (a) insurance for all of the insurable improvements on the Property (with the exception of improvements and betterments made by the respective Unit Owners or occupants) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount consonant with the full replacement value of such insurable improvements; (b) if there is a steam boiler in operation on the Property, boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing as a minimum, \$50,000 per location; (c) fidelity coverage against dishonest acts on the part of its directors, officers, employees, agents and volunteers responsible for handling funds belonging to or administered by the Association in an amount equal to not less than one and one-half times the Association's estimated annual operating expenses and reserves; (d) comprehensive public liability insurance, in amounts established by the Board of Directors of the Association from time to time, but in no event shall such amounts be less than \$50,000 for injury, including death, to a single person, \$500,000 for injury or injuries, including death arising out of a single occurrence and \$50,000 property damage; and (3) such other types of insurance either required by law or authorized by the Board of Directors from time to time, which shall be a Common Expense pursuant to Article IV and subject to assessment as provided therein.

ARTICLE VI CASUALTY LOSSES

6.01 Damage and Destruction. Immediately after the damage or destruction by fire or other casualty to all or any part of

the Condominium covered by insurance purchased by the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance with respect to property losses of Unit Owners other than Declarant pursuant to the terms of the By-Laws of the Association.

ARTICLE VII
EMINENT DOMAIN

7.01 General. The provisions of the Act shall govern whenever all or any part of the Common Elements or any Unit shall be taken by any authority having the power of condemnation or eminent domain.

7.02 Notice to Unit Owners and Mortgagees. The Association, immediately upon having any knowledge of the institution, or threat of institution, of any proceedings or other action with respect to the taking of Units, the Common Elements, or any portion of any Unit or Common Element in condemnation, eminent domain or other proceedings or actions involving any unit of government or any other person having the power of eminent domain, shall notify all Unit Owners and all mortgagees having an interest therein whose names and addresses have previously been furnished to the Association together with a written request for such notice. Any such Unit Owner or mortgagee may, if permitted by law, participate in any such proceedings or actions or, in any event, may participate in negotiations in connection therewith, but shall have no obligation to do so. Notwithstanding the foregoing, if the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") is the mortgagee of any Unit, the Association shall notify FHLMC or FNMA, as the case may be (c/o the institution servicing the mortgage or mortgages for and on behalf of the FHLMC or FNMA), in writing of any taking of (i) the Common Elements if the value exceeds \$10,000.00; and (ii) any portion of any Unit if the value exceeds \$1,000.00.

ARTICLE VIII
USE RESTRICTIONS

8.01 Residential Purpose. All Units shall be, and the same hereby are, restricted exclusively to residential use. No structures of a temporary character, trailers or tents shall be used as a residence on any portion of the property at any time either temporarily or permanently.

8.02 Use Restrictions, Units Subject to Declaration, By-Laws and Rules and Regulations. To assure the harmony of the Unit Owners and protect the value of the Units, the Property, including all improvements thereon, shall be subject to the use restrictions set forth in Exhibit "E" attached hereto and by this reference made a part hereof. The Board of Directors of the Association is hereby empowered to promulgate Rules and Regulations governing occupancy and use of the Condominium and to amend the same from time to time, which Rules and Regulations shall supplement and be in addition to the use and restrictions set forth in Exhibit "E" hereto. All present and future owners, tenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such

Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

8.03 Leasing Restrictions. No Unit Owner shall be permitted to lease his Unit for transient or hotel purposes. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the By-Laws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing and a copy thereof shall be furnished to the Association upon request. Other than the foregoing, there shall be no restriction on the right of any Unit Owner to lease his Unit; provided, however, that prior to the commencement of any such lease, the Unit Owner shall give the Association written notice of the name of the lessee and the term of the lease. Anything herein to contrary notwithstanding, (i) Declarant shall have the unqualified right to lease upon any terms any Unit, so long as such Unit is unsold and owned by Declarant; and (ii) any person who becomes the owner of a Unit at a judicial or foreclosure sale conducted with respect to a mortgage on such Unit, or as transferee pursuant to any proceedings in lieu thereof, shall have the unqualified right to lease such Unit, so long as such Unit is owned by such person who acquires title thereto in such manner; provided, however, that the occupancy of any Unit by any lessee of Declarant, or such acquirer of title, shall be otherwise subject to the provisions of this Declaration and the By-Laws of the Association.

ARTICLE IX
THE CONDOMINIUM ASSOCIATION AND ADMINISTRATION

9.01 General. The Association has been incorporated as an Alabama non-profit membership corporation under the Code of Alabama 1975. The organization of the Association has been duly effectuated, including appointment of the first Board of Directors and election of its initial officers. The Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association until such time as the first of the following events occurs: (a) the expiration of the three (3) years after the recording of this Declaration; (b) the date as of which Units to which four-fifths (4/5ths) of the undivided interests in the Common Elements appertain shall have been conveyed by the Declarant to Unit Owners other than a person or persons constituting the Declarant unless the Declarant has an unexpired option to construct additional units and/or add additional property to the Condominium; or (c) the Surrender by the Declarant of the authority to appoint and remove members of the Board of Directors and officers of the Association by an express amendment to this Declaration executed and recorded by the Declarant. Except for certain greater than majority voting requirements provided herein and in the By-Laws of the Association, no limitations or restrictions on the powers of the Association or its Board of Directors are provided herein; provided, however, that so long as the Declarant owns Units representing undivided ownership in the Common Elements of ten percent (10%) or more, the Association may not, without the consent of the Declarant (i) make any addition, alteration or improvement to the Common Elements or to any Unit, (ii) assess any Common Expenses for the creation of, addition to or replacement of all or part of any reserve, contingency or surplus funds, (iii) enter into any service or maintenance contract for work covered by contracts in existence on the date the Declaration is recorded, or (iv) borrow money for any purpose.

9.02 Allocation of Votes in the Association. Each Unit Owner shall automatically be a member of the Association, which membership shall continue during the period of ownership by such Unit Owner. Pursuant to the provisions of the Act, the number of

votes in the Association hereby allocated to each Unit is as set forth in Exhibit "A" hereto. Said votes shall be cast under such rules and procedures as may be prescribed in the By-Laws of the Association, as amended from time to time or by law.

9.03 Meetings. Meetings of the members of the Association shall be held in accordance with the provisions of the Association's By-Laws, and in any event not less frequently than annually. At the annual meeting, reports of the affairs, finances and budget projections of the Association shall be made to the Unit Owners.

9.04 Rules and Regulations. Reasonable regulations concerning the use of the Units, appurtenances thereto and the Common Elements may be made and amended from time to time by the Board of Directors of the Association; provided, however, that copies of such regulations and amendments thereto shall be furnished by the Association to all Unit Owners. Failure to abide by any such regulation, rule or requirement shall be grounds for any action by the Association or any aggrieved Unit Owner to recover damages, or obtain injunctive and equitable relief or both.

9.05 Liability. To the extent obtainable, the Association shall maintain public liability insurance coverage for the directors and officers of the Association (as a Common Expense). Further, each director and each officer of the Association shall be held harmless by the Unit Owners from expense, loss or liability by reason of having served as such director or as such officer and shall be indemnified by all the Unit Owners (as a Common Expense) against all expenses and liabilities, including reasonable attorney's fees, incurred by or imposed upon him in connection with any proceeding to which he may be a part, or have become involved by reason of being such director or such officer, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the expenses and liability arise from a proceeding in which such director or such officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement or the acceptance of a plea nolo contendere, the indemnification shall apply only when the Board of Directors approves such settlement or plea and reimbursement as being in the best interests of the Association.

9.06 Compensation. No director or officer of the Association shall receive any fee or compensation for services performed by him unless such fee or compensation is first fixed by a resolution adopted by a majority vote of the Unit Owners present in person or by proxy at a meeting duly called and held for such person.

ARTICLE X GENERAL PROVISIONS

10.01 Status of Declarant. Notwithstanding anything to the contrary in this Declaration or in the Articles of Incorporation or the By-Laws of the Association, the Declarant hereby retains the right to appoint and remove any member or members of the Board of Directors of the Association and any officer or officers of the Association, as provided for in Section 9.01 of Article IX of this Declaration. Every grantee of any interest in the Condominium, by acceptance of a deed or other conveyance of such interest, agrees that the Declarant shall have such authority to appoint and remove members of the Board of Directors and officers of the Association.

(a) Upon the expiration of the period of the Declarant's right to control the Association pursuant to said Section 9.01 of Article IX, such right to control shall automatically pass to the Unit Owners (including the Declarant if the Declarant then owns one (1) or more Units). During the period of the Declarant's

control, the Declarant shall be jointly responsible and liable with the members of the Board of Directors and officers to the Unit Owners for the books, records and accounts of the Association being in proper order the Association being in good standing under the laws of the State of Alabama and the affairs of the Association having been conducted in a prudent and businesslike manner; in addition, the Declarant shall not be insulated against liability to the Unit Owners because of any act, omission or matter complained of during such period of control may have been done, omitted or permitted by or on behalf of the Association as a corporate entity. Nothing herein contained shall make any successor to the Declarant responsible or subject to liability by operation of law or through purchase of the Declarant's interest in the Property (or any part thereof) at foreclosure or any proceeding in lieu thereof for any act, omission or matter occurring, or arising from any act, omission or matter occurring, prior to the time such successor succeeded to the interest of the Declarant.

(b) Any management contract, lease of recreational area or facilities, if any, or any other contract or lease executed by or on behalf of the Association during the period of the Declarant's right to control the Association, shall be subject to cancellation and termination at any time during the twelve (12) months next immediately following the expiration of such control period by the affirmative vote of the Unit Owners of Units to which a majority of the votes in the Association appertain, unless the Unit Owners by a like majority shall have theretofore, following the expiration of such control period, expressly ratified and approved the same.

10.02 Amendments. So long as the same shall not (a) adversely affect the title to any Unit Owner's Unit, (b) change the percentage or fraction of undivided ownership interest in and to the Common Elements or Limited Common Elements of the Condominium appurtenant to any Unit Owner's Unit, (c) materially alter or change any Unit Owner's right to the use and enjoyment of his Unit or the Common Elements and Limited Common Elements set forth in this Declaration, or (d) otherwise make any material change in this Declaration, each Unit Owner agrees that, if requested to do so by the Declarant, such Unit Owner will consent to the amendment of this Declaration (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation or judicial determination which shall be in conflict therewith; (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the FHLMC or FNMA to enable such lender or purchaser to make or purchase mortgage loans on the Unit subject to this Declaration; or (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units subject to this Declaration. Further, this Declaration may also be amended at any time and from time to time by the assent of Unit Owners of Units to which at least three-fourths (3/4ths) of the total vote of the Association appertain, provided, however, that during such time the Declarant has the right to control the Association pursuant to Section 9.01, of the said Article IX, such amendment shall require the agreement of the Declarant and Unit Owners to which three-fourths (3/4ths) of the votes in the Association appertain, exclusive of any vote or votes appertaining to any Unit or Units then owned by the Declarant. Also, any provision in this Section to the contrary notwithstanding, no amendment to this Declaration shall alter, modify, change or rescind any right, title, interest or privilege herein granted or afforded to the holder of any mortgage affecting any of the Units in the Condominium, unless such holder shall consent thereto in writing. Amendments to this Declaration

may be proposed by the Declarant, the Board of Directors of the Association or by petition signed by Unit Owners of Units to which at least thirty percent (30%) of the total votes of the Association appertain. Agreement of the required majority of Unit Owners to any amendment of this Declaration shall be evidenced by their execution of the amendment, or, in the alternative and provided that the Declarant does not then have the right to control the Association pursuant to said Section 9.01 of Article IX, the sworn statement of the President, any Vice President or Secretary of the Association attached to or incorporation in an amendment executed by the Association, in which sworn statement it is stated unequivocally that agreement of the required majority of Unit Owners was otherwise lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded, or at such later date as may be specified in the amendment itself. The written consent of any mortgagee required with respect to such amendment shall also be recorded with such amendment.

10.03 Rights of Third Parties. This Declaration shall be recorded pursuant to the provisions of the Act for the benefit of the Declarant, the Unit Owners and their mortgagees as herein provided, and by such recordation no adjoining property owner or third party shall have any right, title or interest whatsoever in the Condominium, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of the Declarant and their mortgagees as herein provided, the Unit Owners shall have the right to cancel, extend, modify, amend or otherwise change the provisions of this Declaration without the consent, permission or approval of any adjoining owner or third party.

10.04 Termination of Condominium.

(a) The condominium property may be removed from the provisions of the Act and the Declaration provided that all Unit Owners agree and all holders of record of liens affecting any of the units consent or agree, in either case by instruments duly recorded, that their liens be transferred to the undivided share of the Unit Owner in the Property as hereinafter provided.

(b) A Circuit Court may grant the petition of any Unit Owner for a removal of the condominium property from the provisions of this chapter and a partition under the following circumstances:

(1) In the event of total destruction of all improvements of the condominium property and no agreement is reached to rebuild such improvement within a reasonable time, or such rebuilding has not been complete within a reasonable time.

(2) In the event of substantial destruction, deterioration or obsolescence of the condominium property and no agreement is reached to repair, reconstruct or rebuild such property within a reasonable time, or such repair, reconstruction or rebuilding has not been completed within a reasonable time, and at least a majority of votes of unit owners shall be cast in favor of such removal.

(c) Upon removal of the condominium property from the provisions of this chapter, the property shall be deemed to be owned in common by those who were unit owners at the time of such removal. The undivided share in the property owned in common by each such owner with respect to the previous common elements shall be the undivided interest previously owned by such owner in the previous common elements. The undivided share in the property owned in common by each such owner with respect to the previous limited common elements shall be the undivided interest previously owned by each such owner in the previous limited common elements. The undivided share in the property owned in common by each such owner with respect to the previous private

elements may be determined by an appraisal of all previous private elements and a computation of the relation that the value of each such owner's previous private elements bears to the value of all previous private elements or such other reasonable method of determination as the declaration may provide. Under no circumstances shall anyone other than the owner of a unit at the time of removal be entitled to the use of any previous element of such previous unit subsequent to the removal of the condominium property from the provisions of this chapter and prior to the sale of such previous element.

(d) After termination of a condominium in any manner, the liens upon the previous units shall be upon the respective undivided interests of the owners as tenants in common.

(e) The termination of a condominium shall not bar the creation of another condominium affecting all or part of the same property.

10.05 Withdrawal of Submitted Property. Submitted property may be withdrawn from the condominium only in strict accordance with the provisions of the Act.

10.06 Enforcement. Each Unit Owner shall comply strictly with the By-Laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time and with the covenants, conditions and restrictions set forth in this Declaration or in the deed to his Unit. In the event of a violation or breach, or threatened violation or breach, of any of the same, the Declarant, the Association or any aggrieved Unit Owner, jointly and severally, shall have the right to proceed at law or in equity to compel compliance therewith or to prevent a threatened violation or breach thereof. Should the Declarant or the Association employ legal counsel to enforce any of the foregoing, all costs incurred in connection with such enforcement, including a reasonable fee for counsel, shall be paid by the violating Unit Owner. Inasmuch as the enforcement of the provisions of this Declaration and the By-Laws and such administrative rules and regulations is essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Unit Owners, it is hereby declared that any breach thereof cannot be adequately compensated by recovery of damages, and that the Declarant, the Association or any aggrieved Unit Owner, in addition to all other remedies, shall be entitled by injunctive relief to restrain any such violation or breach or threatened violation or breach. Further, in any case of flagrant or repeated violation by a Unit Owner, then, in addition to the foregoing remedies, the Board of Directors of the Association may levy summary charges against the Unit Owner for such violation, provided that no summary charge may be levied for more than \$25.00 for any one violation; however, each day or time a violation is continued or repeated after written notice is given to the Unit Owner to cease and desist, it shall be considered a separate violation. Collection of summary charges may be enforced against a Unit Owner as if such charges were a Common Expense owed by the Unit Owner involved. No delay, failure or omission on the part of the Declarant, the Association or any aggrieved Unit Owner in exercising any right, power or remedy herein provided shall be construed as an acquiescence therein nor shall be deemed a waiver of the right to do so thereafter as to the same violation or breach, nor as to a violation or breach occurring prior to or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against the Declarant or the Association for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, of the provisions and regulations, however long continued, nor for the imposing of provisions which may be unenforceable.

10.07 Acceptance of Improvements. The Declarant warrants that the improvements on the property have been completed in substantial conformity with the Plans. Declarant makes no other warranties or representations with respect to the property or the improvements thereon except as may be specifically provided in the contract for purchase and sale of any unit and the warranties of the title contained in the deed of conveyance.

10.08 Duration. Unless the Condominium is terminated as herein provided, the provisions of this Declaration shall run with and bind the Property and shall be and remain in effect perpetually to the extent permitted by Alabama law; provided, however, that so long as Alabama law limits the period during which covenants restricting lands to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the Property so long as permitted by such law, and it shall be the duty of the Board of Directors of the Association to cause this Declaration to be amended of record when necessary by filing a document bearing the signatures of Unit Owners having a majority of the voting interest in the Condominium reaffirming and newly adopting such provisions in order that the same may continue to be covenants running with the land of the Condominium. Such adoption by a majority shall be binding on all. Every purchaser or grantee of any interest in any property made subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that the provisions of this Declaration shall run with and bind the Property as provided hereby.

10.09 Limitations. Subject to the Act, anything herein to the contrary notwithstanding, unless at least three-fourths (3/4ths) of the first mortgagees (bases upon one (1) vote for each first mortgage owned), or Unit Owners (other than the Declarant) have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the Condominium;

(b) change the pro-rata interest or obligations of any Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or (ii) determining the pro-rata share of ownership of each Unit in the Common Elements;

(c) partition or subdivide any Unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium shall not be deemed a transfer within the meaning of this provision; and

(e) use hazard insurance proceeds for losses to any Condominium property (whether to Units or to Common Elements) for other than repair, replacement or reconstruction of such property, except as provided by statute in case of substantial loss to the Units and/or Common Elements of the Condominium.

Anything herein to the contrary notwithstanding, this Declaration shall not be deemed to give any Unit Owner, or any other party, priority over any rights of the first mortgagee of a Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or taking of any portion of any Unit or the Common Elements.

10.10 Blanket Mortgage on Condominium Property. Notwithstanding any other provisions contained in this

Declaration, the entire condominium property or some or all of the units included therein may be subject to a single or blanket mortgage constituting a first lien thereon created by recordable instrument by all of the owners of the property or units covered thereby; and any unit included under the lien of such mortgage may be sold or otherwise conveyed or transferred subject thereto. The instrument creating any such mortgage shall provide a method whereby any unit owner may obtain a release of his unit from the lien of such mortgage and a satisfaction and discharge in recordable form upon payment to the holder of the mortgage of a sum equal to the proportionate share attributable to his unit of the then outstanding balance of unpaid principal and accrued interest and any other charges then due and unpaid. Such proportionate share attributable to each unit shall be the proportion in which all Unit Owners whose units are then subject to the lien of the mortgage own among themselves the Common Elements and Limited Common Elements as provided in the Declaration, and the private elements, or such other reasonable proportion as shall be specifically provided in the mortgage instrument. Such mortgage may contain provisions for converting such mortgage to individual mortgages on the individual units included therein. In the event of such conversion, the mortgage on the individual units shall be entitled to recordation without the payment of the mortgage tax.

10.11 Prohibited Work. There shall be no material alteration of or substantial addition to the Common Elements or Limited Common Elements except as authorized by the Declaration. No Unit Owner shall contract for or perform any maintenance, repair, replacement, removal, alteration or modification of the Common Elements, or Limited Common Elements, or any additions thereto, except through the Association and its officers. No Unit Owner shall take or cause to be taken any action within his unit which would jeopardize the soundness or safety of any part of the condominium property or impair any easement or right of any Unit Owner or affect the Common Elements, or Limited Common Elements, without the unanimous consent of all Unit Owners who might be affected thereby.

10.12 Liability, Actions and Service of Process.

(a) Neither the Association nor any Unit Owner shall be liable for the individual acts or omissions of any other Unit Owner.

(b) All actions seeking liability of Unit Owners arising by virtue of their condominium ownership and who are not liable by reason of any act or omission on their own part shall be directed against the Association and defended by the Association. Where plaintiff's demand exceeds Unit Owner insurance established by the Association, such Unit Owner must be given notice by the Association and shall have the right at his own expense to individual representation by counsel.

(c) A Unit Owner, not liable by reason of any act or omission on his own part, shall have no liability for any settlement, judgment or cost of defense incurred by the Association with relation to Limited Common Elements in which he has no interest.

(d) A Unit Owner shall be liable for no more than a pro rata share of any settlement, judgment or cost of defense incurred by the Association. Where liability arises with relation to Common Elements or Limited Common Elements in which a Unit Owner has an interest, such pro rata share shall be based on such interest. Where liability arises with relation to private elements, such pro rata share shall be based on the relation that the value of such Unit Owners private element bears the value of all private elements. In no event may such pro rata share exceed the value of such Unit Owner's interest in the condominium. Unpaid

portions of a judgment which has been so prorated shall not be reassessed among remaining Unit Owners should those held liable fail to pay.

(e) A Unit Owner shall be liable for acts or omissions on his own part in the same manner and to the same extent as any other owner of property.

(f) No Unit Owner, except as an officer of the Association, shall have any authority to act for or obligate the Association.

(g) Failure of a Unit Owner to comply with the covenants and restrictions set forth in the Declaration or in deeds of units or to comply with the By-Laws shall be grounds for an action for the recovery of damages or for injunctive relief, or both, maintainable by the association or by any other Unit Owner or by any person who holds a lien of record upon a unit and is aggrieved by any such noncompliance.

(h) Whether incorporated or unincorporated, the Association shall act through its officers and may enter into contracts, bring suit and be sued. If the Association is unincorporated, process may be served upon the Association by serving any officer of the Association or by serving the agent designated in the By-Laws for service of process. Service of process upon any member of the Association shall not constitute service of process upon the Association.

(i) A Unit Owner shall have the capacity to sue the Association and other Unit Owners who may be liable by reason of any act or omission on their own part, in tort as if he were a member of the public, and such action shall not be barred on the ground that the plaintiff is a co-owner. Such action shall be at the expense of such plaintiff Unit Owner, and he shall nevertheless be required to pay any pro rata cost of defense, settlement or judgment of such action which may be assessed against unit owners by the Association.

10.13 Units to Constitute Real Property. Each unit shall be deemed real property, the ownership of which may be in fee simple or any other estate in real property recognized by law in this state, including a lease or sublease.

10.14 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

10.15 Captions. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer.

10.16 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provisions of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

10.17 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Declarant or the Association, will best effect

the intent of the general plan of development. The provisions hereof shall be liberally interpreted, and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective.

10.18 Controlling Law. The terms and conditions of this Declaration shall be subject to and governed by the laws of the State of Alabama.

10.19 Authors. The Declaration was prepared by Haygood, Benson, Cleveland & Pierce, 120 South Ross Street, Auburn, Alabama 36830.

10.20 Recordation. This Declaration is to be recorded in Lee County, Alabama pursuant to The Act.

10.21 Declarant. Declarant, as defined in the Declaration, expressly reserves the complete, full, sole and exclusive right and privilege without restriction or limitation to alter, amend, modify, or change, any or all of this Declaration prior to the actual sale and conveyance of record by deed of any condominium unit.

IN WITNESS WHEREOF, the Declarant has executed this instrument the day, month, and year first above written.

JRG DEVELOPMENTS, INC.

BY: [Signature]
As its President

ATTEST:

[Signature]
As its Secretary
(CORPORATE SEAL)

STATE OF ALABAMA
COUNTY OF LEE

I, Debra P. Maddox, a Notary Public in and for said State and County, hereby certify that Eugene H. Howard, Jr. and J. L. Wright, Jr., whose names as President and Secretary/Treasurer respectively of J.R.G. Developments, Inc., a Georgia corporation, are signed to the foregoing Declaration of Condominium for College Square Condominium, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, as such President and Secretary/Treasurer executed the same voluntarily on the day the same bears date for and as the act of J.R.G. Developments, Inc.

Given under my hand and official seal this the 16th day of October, 1989.

(NOTARY SEAL)

MY COMMISSION EXPIRES:

DEBRA P. MADDOX, NOTARY PUBLIC
LEE COUNTY, THE STATE OF ALABAMA
MY COMMISSION EXPIRES ON 2-06-92

CONSENT OF MORTGAGEE

Oconee State Bank, a State Banking Corporation, the owner and holder of the first mortgage real estate loan on the property, said mortgage dated the 13 day of March, 1989 and recorded in Mortgage Book 1474, at Page 81, in the Office of the Judge of Probate of Lee County, Alabama, encumbering the condominium property, hereby consents and joins in the submission of this Declaration and the property to the form ownership set forth in the Act and to be made subject to this Declaration.

IN WITNESS WHEREOF, Oconee State Bank, by and it through its duly authorized officers, has hereunto executed this consent on the 12th day of October, 1989.

OCCONEE STATE BANK, a State
Banking Corporation

BY: [Signature]
As Its President

STATE OF GEORGIA

COUNTY OF Oconee

I, Tina Eades, a Notary Public in and for said State and County, hereby certify that Paul U. Head, whose name as President of Oconee State Bank, a State Banking Corporation, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same for and as the act of said corporation.

Given under my hand and official seal this the 12th day of October, 1989.

(NOTARY SEAL)

MY COMMISSION EXPIRES:

[Signature]
Notary Public, State at Large

Notary Public, Lee County, Georgia
My Commission Expires 12/31/91

STATE OF ALABAMA
LEE COUNTY

I, T. RICHARD FULLER, A REGISTERED LAND SURVEYOR OF ALABAMA, HEREBY CERTIFY THAT THE PLAT SHOWN HEREON IS A TRUE AND CORRECT PLAT OF THE FOLLOWING DESCRIBED PROPERTY, TO-WIT: BEGIN AT THE INTERSECTION OF THE SOUTH MARGIN OF WEST GLENN AVENUE AND THE WEST MARGIN OF COX STREET AND RUN THENCE SOUTH 01° 59' EAST ALONG THE WEST MARGIN OF COX STREET FOR A DISTANCE OF 310.0 FEET TO AN IRON PIN FOR A CORNER AND STARTING POINT OF THE PROPERTY HEREIN TO BE DESCRIBED: FROM THIS STARTING POINT, THENCE CONTINUE SOUTH 01° 59' EAST ALONG THE WEST MARGIN OF COX STREET FOR A DISTANCE OF 208.1 FEET TO AN IRON PIN FOR A CORNER, THENCE SOUTH 86° 46' WEST, 222.2 FEET TO AN IRON PIN FOR A CORNER, THENCE NORTH 03° 15' 30" WEST, 109.35 FEET TO AN IRON PIN FOR A CORNER, THENCE SOUTH 89° 06' WEST, 149.3 FEET TO AN IRON PIN FOR A CORNER, THENCE NORTH 88° 43' 30" EAST, 235.4 FEET TO AN IRON PIN FOR A CORNER, THENCE NORTH 87° 09' 30" EAST, 133.9 FEET TO THE STARTING POINT.

I FURTHER CERTIFY THAT I HAVE CONSULTED THE FEDERAL INSURANCE ADMINISTRATION FLOOD HAZARD MAPS AND THAT THIS PROPERTY IS NOT LOCATED IN A SPECIAL FLOOD HAZARD AREA, AND THAT THE PROPERTY CONTAINS 1.415 ACRES, MORE OR LESS.

ACCORDING TO MY SURVEY THIS THE 24th DAY OF MARCH, 1989.

J. Richard Fuller
T. RICHARD FULLER L.S. ALA. REG. No. 7384

EXHIBIT A TO DECLARATION OF CONDOMINIUM FOR COLLEGE SQUARE CONDOMINIUM

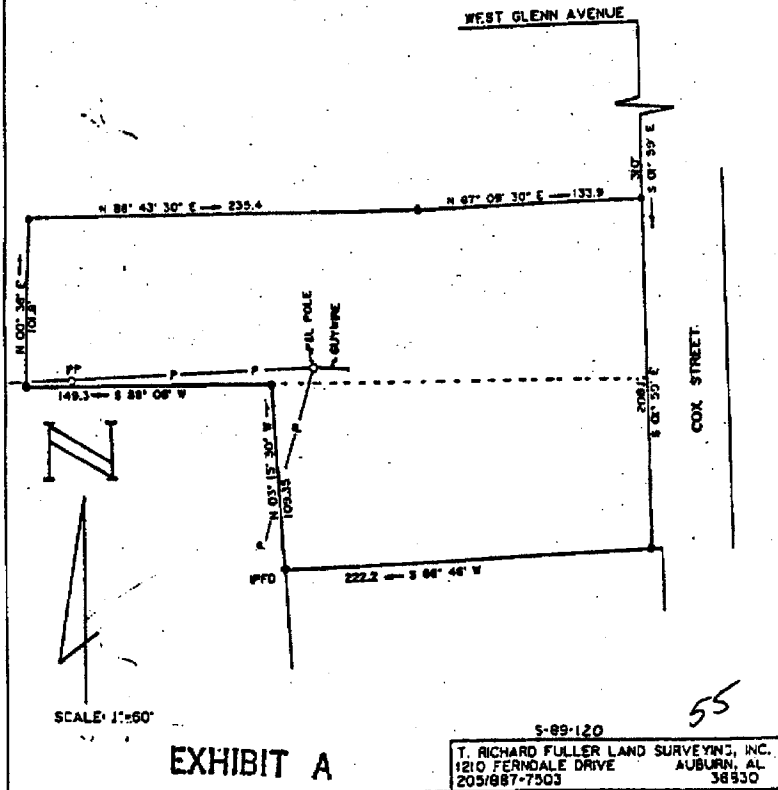


EXHIBIT "B" TO
DECLARATION OF CONDOMINIUM FOR
COLLEGE SQUARE CONDOMINIUM

UNIT BOUNDARIES

Each Unit shall have as a lower horizontal boundary the horizontal plane of the upper surface of the concrete slab which serves as the floor for that unit (in the case of ground floor units) or in the alternative, the horizontal plane of the upper surface of the joists which serve as floor joists for the unit (in the case of an upper unit). The upper horizontal boundary of a unit shall be the horizontal plane of the lower surface of the joists which support the floor of the unit above or the horizontal plane of the lower surface of the floor joists for the attic space beneath the roof of the building (in the case of a top floor Unit). (Said joists, as well as the roof, the decking and rafters supporting the roof and the attic space being Common Elements). The perimetrical or vertical boundaries of a Unit shall be the interior unfinished surface of the outside walls of the Unit and the centerline of interior common walls between units. In interpreting deeds and plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries, rather than the metes and bounds expressed in any deed or plan, regardless of settling or lateral boundaries shown on the plan or in a deed and those of the Unit. Exterior doors and exterior glass surfaces, such as windows serving a Unit, shall be included within the boundaries of the Unit. Also, heating and air-conditioning systems serving a Unit, such as the compressor and condenser for an air-conditioner, and appliances and plumbing fixtures within a Unit shall be construed to be a part of the Unit. If any chutes, flues, ducts, conduits, wires, pipes, bearing walls, bearing columns, or any other apparatus lie partially within and partially outside of the designated boundaries of a Unit, any portions thereof serving only that Unit shall be deemed a part of that Unit, while any portions thereof serving more than one Unit or any portion of the Common Elements or Limited Common Elements shall be deemed a part of the Common Elements or Limited Common Elements as appropriate.

EXHIBIT "C" TO
DECLARATION OF CONDOMINIUM FOR
COLLEGE SQUARE CONDOMINIUM

CERTIFICATION

AS BUILT CERTIFICATE

STATE OF ALABAMA

COUNTY OF LEE

BEFORE me came in person Philip D. Windsor, being a
licensed or registered Architect No. 858, who, having been duly
sworn, or oath hereby certifies as follows:

THAT he has visited the site at Cox Street, Auburn, Lee County, Alabama, and
viewed the property known or to be known as College Square Condominium and that,
to the best of his knowledge, information and belief: (a) the exterior walls and
roof of each structure are in place substantially as shown on plans therefore
entitled "Condominiums College Square" (hereinafter referred to
as the "Plans"), and the plat entitled "Survey for College Square Condominiums"
prepared by T. Richard Fuller Land Surveying, Inc., dated October 5, 1989,
(hereinafter referred to as the "Plat"), which Plans and Plat are to be filed in
the Office of the Judge of Probate of Lee County, Alabama, simultaneously with the
filing of the Declaration for College Square Condominium to which this Certificate
shall be attached and, by reference, made a part thereof; (b) such walls, partitions,
floors and ceilings, to the extent shown on said Plans and Plat, as constitute the
horizontal boundaries, if any, and the vertical boundaries of each Unit, including
convertible space, have been sufficiently constructed to clearly establish the
physical boundaries of each such Unit.

Further, such plans and plat fully and accurately depict the lay-out, location,
unit numbers and dimensions in sufficient detail to identify the common elements,
limited common elements, if any, and private elements comprising such units as
built.

Dated this 5th day of Sept. 1989.

Philip D. Windsor
Registered Architect
Ala Reg. No. 858

Sworn and subscribed to before me,
this the 5th day of September
1989.

Dianne S. Sealero
NOTARY PUBLIC

(NOTARY SEAL)
MY COMMISSION EXPIRES:
Notary Public, Franklin County, Georgia
My Commission Expires Feb. 7, 1993

EXHIBIT "D"
 TO DECLARATION OF CONDOMINIUM FOR
 COLLEGE SQUARE CONDOMINIUM

<u>UNIT #</u>	<u>TYPE OF UNIT</u>	<u>APPROXIMATE SQUARE FOOTAGE</u>	<u>PERCENTAGE INTEREST</u>	<u>NUMBER OF VOTES</u>
1	Flat	1023	.022885	1
2	Townhouse	1085	.024272	1
3	Townhouse	1085	.024272	1
4	Flat	1023	.022885	1
5	Townhouse	1085	.024272	1
6	Townhouse	1085	.024272	1
7	Flat	1023	.022885	1
8	Townhouse	1085	.024272	1
9	Townhouse	1085	.024272	1
10	Flat	1023	.022885	1
11	Townhouse	1085	.024272	1
12	Townhouse	1085	.024272	1
13	Flat	1023	.022885	1
14	Townhouse	1085	.024272	1
15	Townhouse	1085	.024272	1
16	Flat	1023	.022885	1
17	Townhouse	1085	.024272	1
18	Townhouse	1085	.024272	1
19	Flat	1023	.022885	1
20	Townhouse	1085	.024272	1
21	Townhouse	1085	.024272	1
22	Flat	1023	.022885	1
23	Townhouse	1085	.024272	1
24	Townhouse	1085	.024272	1
25	Flat	1023	.022885	1
26	Townhouse	1085	.024272	1
27	Townhouse	1085	.024272	1

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28	Flat	1023	.022885	1
29	Townhouse	1085	.024272	1
30	Townhouse	1085	.024272	1
31	Flat	1023	.022885	1
32	Townhouse	1085	.024272	1
33	Townhouse	1085	.024272	1
34	Flat	1023	.022885	1
35	Townhouse	1085	.024272	1
36	Townhouse	1085	.024272	1
37	Flat	1023	.022885	1
38	Townhouse	1085	.024272	1
39	Townhouse	1085	.024272	1
40	Flat	1023	.022885	1
41	Townhouse	1085	.024272	1
42	Townhouse	1085	.024272	1

EXHIBIT "E" TO
DECLARATION OF CONDOMINIUM FOR
COLLEGE SQUARE CONDOMINIUM

USE RESTRICTIONS

1. Business Activities. No business activities shall be conducted on the portions of the Property designated for residential use; provided, however, the foregoing restriction shall not apply to the business activities, signs and billboards of the Declarant, its agents or assigns, during the sale period in which the Declarant holds any Unit primarily for sale to third parties.

2. Signs. Except as may be required by legal proceedings, no "For Sale" or "For Rent" signs or advertising posters of any kind shall be maintained or permitted on any portion of the Property without the express written permission of the Board of Directors of the Association first having been obtained. The approval of signs and posters shall be upon such conditions as may from time to time be determined by the Board of Directors; provided, however, this provision shall not apply to the Declarant. Approval for signs and advertising material for commercial space shall not be unreasonably withheld and shall be deemed granted if not disapproved within ten (10) days after written request therefor has been submitted to the Association.

3. Pets. No animals or birds, other than reasonable number of generally recognized house pets, shall be kept or maintained on any portion of the Property and then only if they are kept or maintained solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be constructed or maintained outside any area serving a Unit. Pets shall be under leash when walked or exercised in the Common Elements. Failure to use a leash as required herein will result in a fine being levied against the Unit Owner by the Association for the first and second offenses, said fine to be determined by the Association. In case of a third such offense by any Unit Owner, any necessary action may be taken by the Association, including, without limitation, assessing a greater fine against the Unit Owner or requiring the Unit Owner to dispose of the pet. Any fine assessed against a Unit Owner as provided herein shall constitute a lien in favor of the Association on that Unit Owner's Unit in the same manner as that enumerated in Section 4.01 of Article IV of the Declaration. Upon the written request of any Unit Owner, the Board of Directors of the Association shall conclusively determine, in its sole and absolute discretion, whether for the purposes of this section, a particular animal or bird is a generally recognized house pet, or a nuisance, or whether the number of animals or birds in any Unit is unreasonable. Further, notwithstanding the foregoing provisions hereof, no structure for the care, housing or confinement of any animal or bird shall be constructed or maintained within any area which is not fully enclosed unless the same shall be approved in writing by the Board of Directors of the Association.

4. Use of Common Areas and Facilities. The use and enjoyment of the Common Elements and Facilities by the Unit Owners, their families, visitors, guests, customers, servants and agents, shall be subject to such reasonable rules and regulations as may be made and amended from time to time in accordance with the Declaration and By-Laws of the Association. It is expressly acknowledged and agreed by all parties concerned that this section is for the mutual benefit of all Unit Owners in the Condominium and is necessary for the protection of Unit Owners.

5. Antennas. No antenna or other device for the transmission or reception of television signals, radio signals, or any form of electromagnetic radiation shall be erected, used or maintained outdoors on any portion of the Property, whether attached to a building or structure or otherwise, provided, however, Declarant and the Association shall have the right to erect, construct and maintain such devices.

6. Clothes Drying Facilities. Outside clothes lines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed or maintained on any portion of the Property.

7. Exterior Appearance. To provide a neat, attractive and harmonious appearance throughout the Condominium, no awnings, shades or screens shall be attached to, hung or used on the exterior of any window or door of a Unit without the prior written consent of the Board of Directors of the Association. Also, no foil or other reflective material shall be used on any windows for sun screens, blinds or any other purpose.

8. Nuisances. No rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Property, and no odors shall be permitted to arise therefrom, so as to render any portion hereof unsanitary, unsightly, offensive or detrimental to persons using or occupying other portions of the Property. No nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to persons using or occupying other portions of the Property. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on the Property. Any Unit Owner (or his family, servants, agents or guests) who shall dump or place any trash or debris upon any portion of the Property shall be liable to the Association for the actual cost of the removal thereof or the sum of \$25.00 whichever is greater, and the same shall be added to and become part of that portion of any assessment next coming due to which the Unit Owner is subject.

9. Prohibited Activities. Noxious or offensive activities shall not be carried on in any Unit or in the Common Elements and facilities. Each Unit Owner, his family, visitors, guests, customers, servants and agents shall refrain from any act or use of his Unit or the Common Elements and facilities which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the occupants of the Units, or which could result in the cancellation of insurance on any Unit or any portion of the Common Elements and facilities, or which would be in violation of any law or governmental code or regulation.

Without limiting the generality of the foregoing, it is hereby specifically provided that the following uses shall be prohibited on the condominium property: (1) game rooms, (2) dance halls, (3) distribution or sale of literature or any other activity which may be considered lewd, indecent, pornographic or designed primarily for adult entertainment.

10. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any portion of the Property.

11. No Discrimination. No action shall at any time be taken by the Association or its Board of Directors which in any manner would discriminate against any Unit Owner or Unit Owners in favor of any other Unit Owner or Unit Owners.

12. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the Property shall be observed. In the event of any conflict between any provision of any such governmental code, regulations or restriction and any provision of this Declaration, the more restrictive provision shall apply.

13. Sale Period. Notwithstanding any provisions contained in the Declaration to the contrary, it shall be expressly permissible for Declarant and its duly authorized agents, representatives and employees to maintain and carry on, during the period of the sale of the Units, upon such portion of the Property as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the renovation and sale of said Units, including, but without limitation, offices, signs and model units. The right to maintain and carry on such facilities and activities shall include specifically the right to use a model unit and parking facilities adjacent thereto for such purposes.

EXHIBIT "F" TO
DECLARATION OF CONDOMINIUM FOR
COLLEGE SQUARE CONDOMINIUM

EXPANSION PROVISIONS

Declarant has reserved under the provisions of Section 2.11 of Article 2 of the Declaration the right to expand the Condominium by submitting additional property thereto upon which additional Condominium Units have been or may be constructed. The initial property submitted by the within Declaration of condominium is hereby designated and hereinafter referred to as Phase I, and the additional property or properties that may be submitted hereafter is hereinafter referred to as Phase II. Declarant may, as it may determine in its sole discretion and without any limitations, submit any or all of the additional property at any time during the period of time ending seven (7) years from the date of recording of this Declaration; provided, however, that the Unit Owners of the Units to which three-fourths of the votes in the Association appertain, exclusive of any vote or votes appurtenant to any Unit or Units then owned by Declarant, may consent to the extension of this option within one year prior to the date upon which the option would otherwise have expired. Other than the foregoing, there are no limitations on Declarant's option to expand the Condominium. Declarant may exercise this option and right by the recording of an Amendment to the Declaration setting out that said additional Phase or Phases have been submitted to the Condominium form of ownership under the provisions of the Declaration and the Act. Declarant shall thereafter comply with all the terms and provisions of the Act in regard to filing all notices and documents as required under the Act. Without limiting the generality of the foregoing, Declarant shall, upon the submission of an additional Phase and the completion of the improvements thereon, file for record an Amendment to the Exhibit "D" to this Declaration which shall set forth the adjusted common area interests appertaining to each Unit in the Condominium.

The description of the additional property that may be submitted either in whole or in part under these Expansion Provisions is as hereinafter set out in this Exhibit "F", or if no description is contained herein, such description may be submitted at the time of expansion with the Amendment and specifically provided that with respect to the additional property, the improvements to be erected thereon shall not consist of more than six Units per acre. Declarant may submit the Additional Property, or any portion thereof, at any time and at different times during the period of time ending seven (7) years from the date of recording of this Declaration; no limitations exist fixing the boundaries by legal description of any portion of the Additional Property which may be submitted or regulating the order in which the portions may be added to the Condominium. No limitations exist as to the location of any improvements that may be made on any portions of the Additional Property. All other Units to be created on any of the Additional Property are hereby restricted to residential use only. Other than the foregoing, no assurances are made as to what other improvements may be made on any portion of the Additional Property added to the Condominium. All construction shall be of equal or greater quality than existing Units and shall be harmonious in decor, external design and appearance. No limitations are placed on Declarant's right to create Limited Common Elements within any portion of the Additional Property or to designate Common Elements which may subsequently be assigned as Limited Common Elements.

Any purchaser of a Condominium Unit in College Square Condominium, by the acceptance of a deed thereto, thereby agrees, without the necessity of any further writing or consent, to the decrease in the percentage interest of the Common Elements appertaining to his or her Unit in the event that any or all of

the additional Phases are in fact submitted to the Condominium form of ownership under the provisions of the Declaration for College Square Condominium or the Act. At any time, the percentage interest in the College Elements appertaining to any individual Unit shall be the quotient derived from dividing the square footage contained within that Unit by the total square footage contained in all Units in College Square Condominium.

The property which may be submitted in additional Phases may be subsequently submitted under and subject to the conditions and limitations under the provisions of this Exhibit F and Section 2.11 of Article 2 to the Declaration and which additional property description is not here described, but may without restriction or limitation except as contained in this Exhibit F (expansion provisions) and Section 2.11 of Article 2 including without limitation, the seven (7) year limitation above provided for in this Exhibit F, be submitted upon filing of the above Amendment, containing the description of the additional property for additional phases.

EXHIBIT "G" TO DECLARATION OF CONDOMINIUM FOR COLLEGE SQUARE CONDOMINIUM
BY-LAWS OF
COLLEGE SQUARE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I
PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The property located on Cox Street, Auburn, Lee County, Alabama (hereinafter called the "Property") is to be submitted to the provisions of the Condominium Ownership Act (Acts 1964, 1st Ex.Sess., No. 206, p.266 §1; Acts 1973 No. 1059, p.1732, §1.), as may be from time amended or revised (the "Act") by Declaration recorded in the Office of the Judge of Probate of Lee County, Alabama and thereafter shall be known as COLLEGE SQUARE CONDOMINIUM (hereinafter called the "Condominium"). Terms defined in the Act and the Declaration shall have such defined meanings when used herein unless the context otherwise required, and in the event of conflict of such defined meanings, the definitions contained in the Act shall control.

Section 2. APPLICABILITY OF BY-LAWS. The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the buildings and all other improvements thereof (including the units and the common elements), and all easements, rights and appurtenances belonging thereto, or intended for the benefit thereof, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of the Act.

Section 3. APPLICATION. All present and future owners, mortgagees, lessees and occupants of units and their agents, servants and employees, and independent contractors any other persons who may use or come onto the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

Section 4. OFFICE. The Association may have offices at such place or places as the Board of Directors may from time to time appoint or the business of the Association may require or make available.

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ARTICLE II
BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall be composed of at least three (3) but not more than seven (7) persons, as may be determined from time to time by resolution of the Board of Directors, all of whom shall be appointed and subject to removal by the Declarant until such time as his authority to so appoint and remove members of the Board of Directors shall expire in accordance with the terms of the Declaration. Upon the expiration of the period of the Declarant's right to control the Association, the Declarant or any member of the Association shall call a special meeting of the members for the purpose of electing a new Board of Directors which shall be elected by the members. All directors shall be Unit Owners (which shall include, without limitation, any shareholder, director, officer, partner in or trustee of any person, which either alone or with others, is a Unit Owner) or spouses of such owners or designees of the Declarant during the period in which the Declarant retains the right to control the Association. Any individual who would not be eligible to serve as a director were he not a shareholder, director, officer, partner or trustee as aforesaid shall be disqualified from continuing in office if he ceases to maintain such affiliation.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors by the Unit Owners. Such powers and duties of the Board of Directors shall include but shall not be limited to the following:

- (a) Operation, care, upkeep and maintenance of the Common Elements.
- (b) Determination of the Common Expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the Property.
- (c) Collection of the Common Charges and Expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property.
- (f) Opening of bank accounts on behalf of the Association and designating the signatories required therefore.

(g) Imposing charges and establishing regulations for the use of Common Elements such as parking areas, storage areas and laundry facilities.

(h) Obtaining of insurance for the Property, including the units, pursuant to the provision of the Act, the Declaration and of Article VI hereof.

(i) Making of repairs, additions and improvements to or alterations of the Property and making of repairs to and restoration of the Property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(j) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (1) the borrowing of any sum in excess of \$20,000 shall be approved by an affirmative vote of the members holding not less than 75% of the outstanding votes of the Association at a meeting duly called and held; and (ii) no lien to secure repayment of any sum borrowed may be created on any unit or its appurtenant interest in the Common Elements without the consent of the Unit's Owner.

Notwithstanding anything to the contrary contained in these By-Laws, so long as the Declarant shall continue to own units representing undivided ownership in the Common Element of 10% or more, the Board of Directors may not, without the Declarant's prior written consent, (i) make any addition, alteration or improvement to the Common Elements or to any unit, (ii) assess any Common Charges for the creation of, additional to or replacement of all or part of a reserve, contingency or surplus fund, (iii) enter into any service or maintenance contract for work not covered by contracts in existence on the date the Declaration is recorded, or (iv) borrow money on behalf of the Association.

Section 3. Managing Agent and Manager. The Board of Directors may employ for the Condominium a managing agent and/or a manager, at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in subdivisions (a), (c), (d), (g), (h) and (i) of Section 2 of this Article II. The Board of Directors may delegate to the manager or managing agent all of the powers granted to the Board of Directors by these By-Laws other than the powers set forth in subdivisions (b), (e), (f) and (j) of Section 2 of this Article II.

Section 4. Election and Term of Office. Except in the case of directors appointed by the Declarant under the provisions of this Article II, directors shall be elected at the annual meeting of members for a term of one year and shall hold office until

their respective successors shall have been elected by the members. Directors appointed by the Declarant shall serve at the pleasure of the Declarant and may be removed and replaced by the Declarant at any time and from time to time.

Section 5. Removal of Directors by Members; Resignations. Except for directors appointed by the Declarant, at any regular or special meeting of members of the Association, any one or more of the members of the Board of Directors may be removed with or without cause upon a majority vote of all votes to which members are entitled and a successor may then or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. Any director may resign at any time and shall be deemed to have resigned upon any disposition of his or his spouse's unit or cessation of the relationships described in Section 1 of this Article II.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason, other than the removal of a member thereof by a vote of the members or by the Declarant, shall be filled by vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor member and until a successor shall be elected at the next annual meeting of the members of the Association.

Section 7. Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the members shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the directors, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each director, by mail or telegraph, at least three (3) business days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on twenty-four (24) hours' notice to each director, given by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of any director.

Section 10. Waiver of Notice. Any director may at any time waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at such meeting.

Section 11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting at any time and from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 12. Compensation. No member of the Board of Directors shall receive any compensation from the Association for acting as such.

ARTICLE III
MEMBERS OF THE ASSOCIATION

Section 1. Members. Each owner of a unit in the condominium shall automatically be a member of the Association, which membership shall continue during the period of ownership by such Unit Owner.

Section 2. Annual Meetings. Within 30 days after the closing of the title to at least three (3) units, but not later than three years from the date hereof, the Declarant, shall call the first meeting of the members. Thereafter, annual meetings of the members shall be held on the 1st day of _____ of each succeeding year, unless such date shall occur on a Saturday, Sunday or legal holiday, in which event the meeting shall be held on the next succeeding Monday or business day, whichever shall first occur. Except during the period when the Declarant retains the right to appoint and remove directors, at such meetings the Board of Directors shall be elected by the members. The members may transact such other business at such meetings as may properly come before them.

Section 3. Place of Meetings. Meetings of the members shall be held at such suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

Section 4. Special Meetings. It shall be the duty of the president to call a special meeting of the members if so directed by (i) resolution of the Board of Directors, (ii) within thirty (30) days following the expiration of the Declarant's right to control the Association, or (iii) upon a petition signed and presented to the Secretary by Unit Owners entitled to at least 25% of the total votes of all members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice to each member of record of each annual or regularly scheduled meeting of the members at least twenty-one (21) days in advance of such meeting, and in the case of special meetings notice shall be given at least seven (7) days in advance of such meetings. Each notice of meeting shall state the purpose thereof, as well as the time and place where it is to be held. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of meeting shall be mailed at least thirty (30) days prior to such meeting. All notices of meetings shall be delivered personally or sent by United States mail, postage prepaid, to all Unit Owners of record at such address or addresses as any of them may have designated to the Secretary, or, if no other address has been so designated, at the address of their respective units.

Section 6. Adjournment of Meeting. If any meeting of members cannot be held because a quorum has not attended, a majority in voting interest of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Title to Units. Title to units may be taken in the name of an individual or in the names of two or more persons, as tenants-in-common, or in the name of a corporation or partnership or in the name of a fiduciary.

Section 8. Voting. The owner or owners of each unit, or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such unit at all meetings of members.

Section 9. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of members having a majority of the total authorized votes of all Unit Owners shall constitute a quorum at all meetings of the members.

Section 10. Presiding Officer. The President, or in his absence the Vice President, shall serve as chairman of every meeting of members unless some other person is elected to serve as chairman by a majority of the votes represented at any such meeting. The presiding officer shall appoint such other persons as he deems required to assist with the conduct of the meeting.

ARTICLE IV
OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, one or more Vice Presidents, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors, and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Unit Owners and the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the Alabama Non-profit Corporation Code.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of secretary of a corporation organized under the Alabama Non-profit Corporation Code.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors, or the managing agent, in such depositories as may from time to time be

designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the Alabama Non-profit Corporation Code.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

ARTICLE V
OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) Prior to the Commencement of each fiscal year (except for the initial fiscal year), the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the units as to which it is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Act, the Declaration, these By-Laws or a resolution of the members of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owners of all related services. In the initial fiscal year, the Board of Directors shall adopt a budget and impose assessments at such time on such basis as the Board shall determine in its sole discretion.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. The Board of Directors shall send to each Unit Owner a copy of the Budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any budgeted special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owner's assessment for the Common Expenses of the Association for such fiscal year.

(c) Assessment and Payment of Common Expenses.

(1) The total amount of the estimated funds required for the operation of the property set forth in the budget adopted by the Board of Directors (other than amounts of budgeted special

assessments shall be assessed against each Unit Owner in proportion to his allocable share of liabilities for Common Expenses as provided in the Declaration, and together with the amount of any budgeted special assessments applicable to any unit, shall be a lien against each Unit Owner's unit. On or before the first day of each fiscal year (except for the initial fiscal year), and the first day of each month in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or to the Managing Agent (as determined by the Board of Directors), one-twelfth of the total of such assessment, including budgeted special assessments. Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Board of Directors deems it advisable, be either distributed to the Unit Owners according to each Unit Owner's share of liability for Common Expenses or credited according to each owner's share of liability for Common Expenses to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their share of liability for Common Expenses and shall be payable in full with payment of the next monthly assessment due. Notwithstanding anything herein to the contrary, any surplus or deficit with respect to a special assessment shall be distributed, credited or assessed to or against the Unit Owner against whom the special assessment was made.

(2) In the event the Association incurs expenses not included in the Budget which may be specially assessed under the Declaration, the Board of Directors may specially assess and collect such expenses at any time during the fiscal year. If possible, the Board of Directors will cause such unbudgeted special assessments to be paid in equal installments over a period of not less than twelve (12) months, but nothing herein shall prevent the Board from requiring payment in a lump sum if the interests of the Association so require.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget, which may become necessary during the year, shall be charged first against such reserves, unless the same are subject to special assessment. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective allocable shares of

liability for Common Expenses. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount of, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in the preceding paragraph (c).

(e) Initial Assessment.

(1) After the Board of Directors named in the Articles of Incorporation takes office, it shall determine the budget, as defined in the Section 1, for the period commencing as of the date the Condominium was created by filing of the Declaration and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied at the direction of the Board and shall become a lien against the Unit Owners during such period as provided in paragraph (c) of this Section 1.

(2) The Declarant, as the agent of the Board of Directors, will collect from each initial purchase at the time of settlement on his unit an "initial assessment" equivalent to three-twelfths (3/12ths) of the annual assessment applicable to the unit. The Declarant will deliver the funds so collected to the Board of Directors to provide an initial general operating fund for the Association. Such initial assessment shall not constitute any portion of the annual assessment of Unit Owners for the initial fiscal year or for any other fiscal year which shall be assessed and collected as provided herein and paragraph (c) of this Section 1.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until receipt of the notice of the new monthly payment which is due more than ten (10) days after such new annual or adjusted budget shall have been delivered.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the Unit Owners or from any other source may be commingled into a single fund.

Section 2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V. No

Unit Owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his unit. Prior to or at the time of any conveyance of a unit, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within five (5) days following a written request therefore to the Board of Directors or Managing Agent, and such purchaser shall not be liable for, nor shall the unit conveyed be subject to lien for, any unpaid assessments in excess of the amount therein set forth; and provided further, that each mortgagee who comes into possession of a unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such mortgagee comes into possession thereof.

Section 3. Collection of Assessments. The Board of Directors or the Managing Agent, at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within ten (10) days after the due date shall (a) subject the delinquent Unit Owner to the imposition of a late charge in an amount not in excess of the greater of Ten Dollars (\$10.00) or ten percent (10%) of each assessment or installment thereof not paid when due, as determined from time to time by the Association, (b) with any late charge relating thereto, bear interest from the date the same was first due and payable at the maximum rate of interest allowed by law, (c) entitle the Association to collect from the delinquent Unit Owner all costs of collection including court costs, expenses of sale, expenses required for the protection and preservation of the delinquent owner's unit and reasonable attorney's fees actually incurred, and (d) entitle the Association to collect from the delinquent Unit Owner the fair rental value of such Unit Owner's unit from the time of the institution of suit until the sale of the unit at foreclosure or until the judgment rendered in such suit is otherwise satisfied.

Section 4. Statement of Common Expenses. The Board of Directors shall promptly provide any Unit Owner, contract purchaser or mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner.

Section 5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) **By the Board of Directors.** The Board of Directors shall be responsible for the maintenance in good working order and condition, repair and replacement of all of the Common Elements as defined herein or in the Declaration, whether located inside or outside of the units, the cost of which shall be charged to Unit Owners as a Common Expense in accordance with the provisions of this Article V; provided, however, that each Unit Owner shall perform normal maintenance on any portion of the remaining Common Elements which the Board of Directors pursuant to the Rules and Regulations has given him permission to utilize, including without limitation the items enumerated in subsection (b) hereof. Notwithstanding anything herein to the contrary, the Association, with the approval of Unit Owners having seventy-five percent (75%) or more of the voting power of the Association, may alter or modify the form or use of any portion of the Common Elements or elect not to repair or replace the same.

(b) **By the Unit Owner.**

(1) Each Unit Owner shall keep his unit and its equipment, appliances and appurtenances (including Limited Common Elements) in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his unit. In addition, each Unit Owner shall be responsible for all damage to any other units or to the Common Elements resulting from his failure to make any of the repairs required by this Section 5. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or to the Managing Agent any defect or need for repairs for which the Board of Directors is responsible.

(2) Any Unit Owner permitted by the Board of Directors to use a specific portion of the Common Elements for storage or other purposes is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

Section 6. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of Ten Thousand Dollars (\$10,000) during any period of twelve (12) consecutive months, and the making of such additions, alterations or improvements shall have been approved by a majority of the voting interests of the members of the Association, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess

all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Ten Thousand Dollars (\$10,000) or less during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute a Common Expense.

Section 7. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent of the Board of Directors or the committee thereof in charge of architectural control. No Unit Owner shall paint or alter the exterior of his unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement (by painting or otherwise) in such Unit Owner's unit within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any unit requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by the Board of Directors only, however, without incurring any liability on the part of the Board of Directors or any director to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the provisions of the Declaration and the approval of any mortgagee of such affected units, the Board of Directors and any Unit Owner affected, any unit may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action. The provisions of this Section 7 shall not apply to units owned by the Declarant until deeds of conveyance of such units shall have been recorded; provided, however, that the Declarant's construction or alterations shall be architecturally compatible with the alterations without the consent of the Board of Directors, and the Board of Directors shall execute any such application required.

Section 8. Use of Units and Common Elements.

(a) Each unit and the Common Elements shall be occupied and used as follows:

(1) Units shall not be used for any purposes except housing and the related common purposes, except those for which the Property was designed, and all usage shall at all times conform to the provisions of the Declaration, By-Laws, and Use

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Restrictions of College Square Condominium and such reasonable rules, regulations and restrictions as may be established by the Directors of the Association.

(2) Nothing shall be done or kept in any unit or in the Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his unit or in the Common Elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed in the Common Elements.

(3) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board of Directors.

(5) The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units.

(6) No trailers, campers or boats may be parked on the Property, unless the Board of Directors shall designate an area within the parking areas exclusively for such purpose. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements.

(7) Each Unit Owner shall pay for utilities consumed or used in his unit which are billed directly to such unit through separate meters. The cost of utilities serving the Common Elements and of utilities serving units through meter systems other than separate meters for each unit shall be Common Expenses.

(8) No Unit Owner shall place or cause or permit to be placed on or in the public halls, stairways or other Common Elements (other than in the areas designated as storage areas) any furniture, packages or objects of any kind. The halls and stairways shall be used for no purpose other than for normal transit.

(b) Each unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and amended by the Board of Directors from time to time. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner. Amendments to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective, and copies thereof shall be furnished to each Unit Owner upon request.

Section 9. Right of Access. A Unit Owner shall grant a right of access to his unit to the manager and/or the managing agent and/or any other person authorized by the Board of Directors, the manager or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or the Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements, or to correct any condition which violates the provisions of any mortgage covering another unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner and further provided that such right shall be exercised in such a manner as will not unreasonably interfere with the use of the units for residential purposes. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

ARTICLE VI
INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association shall obtain and maintain at all times (i) insurance for all of the insurable improvements on the Property (with the exception of improvements and betterments made by the respective Unit Owners or occupants) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief in an amount sufficient to cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard; (ii) if the Condominium has a boiler, boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing as a minimum, \$50,000 per accident per location; (iii) fidelity coverage against dishonest acts on the part of the directors, officers, managers, employees or other persons handling funds belonging to or administered by the Association, naming the Association as the insured and in an amount not less than 1-1/2 times the Association's estimated annual operating expenses and reserves; and (iv) a comprehensive public liability policy covering all Common Elements in the Condominium and all damage or injury caused by the negligence of the Association, its officers, directors, agents, employees, all Unit Owners and other persons entitled to occupy any unit or other portion of the Condominium, with cross liability endorsement to cover liability of the Unit

Owners as a group to a Unit Owner and a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of the negligent acts of other Unit Owners or the Association, which public liability policy shall be in amounts authorized from time to time by the Board of Directors not less than \$500,000.00 for injury, including death, to one individual, \$500,000.00 for injury or injuries, including death, arising out of a single occurrence, and \$50,000.00 property damage, including water damage liability, liability for non-owned and hired automobile and liability for property of others. The Association shall also obtain and maintain such other insurance as may be required by applicable law or as the Board of Directors may determine to be in the best interests of the Association and the Unit Owners. Premiums for all such insurance shall be Common Expenses not specially assessed. All such insurance coverage obtained by the Association shall be written in the name of the Association as trustee for each of the Unit Owners in their respective percentages of undivided interest in and to the Common Elements. Such insurance shall be governed by the provision hereinafter set forth:

(a) All policies shall be written with a reputable company or companies licensed to do business in the State of Alabama.

(b) All policies shall be for the benefit of the Association, the Owners and their mortgagees as their interests may appear, and the Association shall be the named insured.

(c) Provision shall be made for the issuance of a certificate of insurance to each Unit Owner and his mortgagee, if any, which shall specify the proportionate amount of such insurance attributable to the particular Unit Owner's interest in the property.

(d) Exclusive authority to adjust losses under policies hereafter in force on the property shall be vested in the Association; provided, however, that no mortgagee may be prohibited from participating in the settlement negotiations, if any, related thereto, and the proceeds of the insurance shall be paid to the Association for the use and benefit of the mortgagees as their interest may appear.

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

(f) It shall be the individual responsibility of each Unit Owner at his own expense to provide, as he sees fit, title insurance on his individual unit, public liability insurance, theft and other insurance covering improvements, betterments and personal property damage and loss.

(g) Any Unit Owner who obtains an individual insurance policy shall file a copy of each such individual policy with the Association within thirty (30) days after purchase of such insurance.

(h) The Association shall conduct an annual insurance review to determine that the insurance maintained by the Association is adequate to meet the requirements of this Declaration.

(i) The Association shall make reasonable effort to secure insurance policies that will provide for the following:

(1) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Unit Owners and their employees, agents, tenants and invitees and of any defenses based on co-insurance or in invalidity arising from the acts of the insured;

(2) a waiver by the insurer of its right to repair and reconstruct instead of paying cash;

(3) that the policy on the property cannot be cancelled, invalidated or suspended on account of the conduct of any officer, director, agent or employee of the Association without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Unit Owner or mortgagee;

(4) that any "other insurance" clause in the policy exclude individual Unit Owner's policies from consideration;

(5) that coverage may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insureds, including the institutions servicing mortgages on behalf of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; and

(6) that coverage will not be prejudiced by either act or neglect of the Owners of the units when said act or neglect is not within the control of the Association, nor by any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control.

Section 2. Handling of Casualty Insurance Proceeds. All insurance policies purchased by and in the name of the Association shall provide that proceeds covering the property losses shall be paid to the Association. The Association shall receive such proceeds as are paid and delivered to it and hold the same in trust for the benefit of the Unit Owners and their

Mortgagees in accordance with the respective undivided interests of the Unit Owners in and to the Common Elements. Such proceeds, or such portion thereof as may be required for such purpose, shall be disbursed by the Association in payment of repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying all costs of repairs or reconstruction shall be disbursed to the beneficial Unit Owners, remittances to Unit Owners and their mortgagees being payable jointly to them. Notwithstanding the foregoing, in the event of a determination that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as hereinafter provided.

Section 3. Damage and Destruction.

(a) Immediately after any damage or destruction by fire or other casualty to the property covered by insurance written in the name of the Association, the Association shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty with each unit and the Common Elements having the same vertical and horizontal boundaries as before.

(b) Immediately after substantial damage or destruction by fire or other casualty to any part of the property, the Association shall provide written notice of same to each mortgagee having an interest therein whose name and address have theretofore been furnished to the Association together with a written request for such notice. Notwithstanding the foregoing, if the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") is the mortgagee of any unit, the Association shall notify FHLMC or FNMA, as the case may be (c/o the institution servicing the mortgage or mortgages for and on behalf of FHLMC or FNMA, as the case may be), in writing of any loss to the Common Elements if such loss exceeds \$10,000.00, and of any loss to a unit covered by a mortgage owned in whole or in part by FHLMC or FNMA if such loss exceeds \$1,000.00.

(c) Any damage or destruction shall be required or reconstructed unless:

- (1) the Condominium is terminated pursuant to the provisions of the Act;
- (2) the damaged or destroyed portion of the property is withdrawn from the Condominium pursuant to the provision of the Act; or
- (3) the Unit Owners of the damaged or destroyed units, if any, together with the Unit Owners of other units to which three-fourths of the votes in the Association appertain, exclusive of the votes appertaining to any damaged or destroyed

units, agree not to repair or reconstruct such damage or destruction. Any such determination shall be conclusively made within a period of time which shall in no event exceed ninety (90) days after the casualty. Should a determination be made to terminate the Condominium, withdraw from the Condominium the damaged portion of the property or not to repair or reconstruct the damage or destruction as provided above, then such damaged or destroyed unit shall not be repaired or reconstructed and the entire undivided interest in the Common Elements appertaining to the unit shall thenceforth appertain to the remaining units, being allocated to them in proportion to their undivided interest in the Common Elements immediately prior to such allocation; and any remaining portion of such damaged or destroyed unit, including the land which was subjacent thereto (if originally included within the boundaries of the unit), shall thenceforth be a part of the Common Elements. Votes in the Association and liability for assessments shall thereupon appertain to the remaining units, being allocated to them in proportion to their relative voting strength in the Association and liability for assessments immediately prior to such allocation. If any damaged Common Elements shall not be repaired or restored, then the net insurance proceeds appertaining thereto shall be divided among the Unit Owners in accordance with their percent interests in the Common Elements. If any damaged unit shall not be repaired or restored, then after deducting therefrom a reasonable amount to be paid to the Association to cover the expenses of cleaning up and landscaping the area where the damaged unit was located, the net insurance proceeds appertaining thereto shall be paid to the Owner and such mortgagee jointly, who shall use such proceeds as they alone may determine.

Section 4. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, then the net proceeds shall be disbursed to defray the cost of such repairs or reconstruction as herein provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners thereof, as determined in accordance with the provisions of Section 3(c) of this Article VI; said remittances to Unit Owners and their mortgagees having mortgagee endorsements, being payable jointly to them, shall be used as they alone may determine. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Association shall levy a special assessment in sufficient amounts to provide funds to pay such excess cost of repair or reconstruction. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. Notwithstanding anything herein to the contrary, the obligation of the Association to repair or restore any damaged or destroyed property shall be limited to repairing or restoring the property to the same condition as existed on the date of conveyance by the Declarant to the Unit Owner.

ARTICLE VII
MORTGAGES

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Directors.

Section 2. Notice of Unpaid Common Charges or Other Default. The Board of Directors, whenever so requested in writing by a mortgagee of a unit, shall promptly report any then unpaid Common Charges due from, or any other default by, the Owner of the mortgaged unit.

ARTICLE VIII
RECORDS AND REPORTS

Section 1. Books and Records. The Board of Directors or the managing agent shall keep detailed records of the actions of the Board of Directors and the managing agent, minutes of the meetings of the Board of Directors, minutes of the meetings of the Unit Owners and financial records and books of account of the Association, including a chronological listing of receipts and expenditures, as well as a separate account for each unit which, among other things, shall contain the amount of each assessment of Common Charges against such unit, the date when due, the amounts paid thereon and the balance remaining unpaid, and any interest in common surplus or limited common surplus.

Section 2. Annual Report. An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Unit Owners and to all mortgagees of units who have requested the same, promptly after the end of each fiscal year. The cost of such report shall be paid by the Association and charged as a Common Expense.

ARTICLE IX
MISCELLANEOUS

Section 1. Notice. All notices hereunder shall be sent to the Board of Directors c/o the managing agent, or if there is no managing agent, to the office of the Board of Directors, or to such other address as the Board of Directors may hereinafter designate from time to time, by notice in writing to all Unit Owners. All notices to any Unit Owner shall be sent to the address of his unit or to such other address as may have been designated by him from time to time, in writing, to the Secretary of the Association. All notices to mortgagees of units shall be sent to their respective addresses, as designated by them from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

ARTICLE X
AMENDMENTS TO BY-LAWS

Section 1. General Provisions. Except as hereinafter provided otherwise, these By-Laws may be modified or amended by the Board of Directors from time to time; provided, however, that no amendment shall be made without the consent of the Declarant so long as the Declarant is the owner of units to which are allocated more than ten percent (10%) of the Common Elements. Notwithstanding anything to the contrary herein contained, no provision of these By-Laws relating to the use of the units may be amended without the consent of every Unit Owner affected by such amendment. All amendments adopted by the Board of Directors may be repealed, altered or modified by the members by the affirmative vote of three-fourths of the votes of all members at a meeting of members duly held for such purpose, except for those provisions contained herein which require by the terms of these By-Laws or the Act a greater vote by the members.

ARTICLE XI
CONFLICTS

Section 1. The Act or the Declaration Controls. These By-Laws are set forth to comply with the requirement of the Act and the Declaration. In case any of these By-Laws conflict with the provisions of the Act or of the Declaration, the provisions of the Act or of the Declaration, as the case may be, shall control.

Declarant as defined in the Declaration, expressly reserves the complete, full, sole and exclusive right and privilege without restriction or limitation to alter, amend, modify, or change, any or all of these By-Laws prior to the actual sale and conveyance of record by deed of any condominium unit.

(CORPORATE SEAL)

ATTEST:



As Its Secretary

JRG DEVELOPMENTS, INC., Georgia
corporation

BY:



As Its President

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