

INVERNESS POINT



**INVERNESS MASTER
HOMEOWNERS ASSOCIATION**

BY-LAWS/COVENANTS

BY-LAWS OF
**INVERNESS MASTER HOMEOWNERS
ASSOCIATION, INC.**

State of Alabama

Shelby County

CERTIFICATE OF Non-Profit

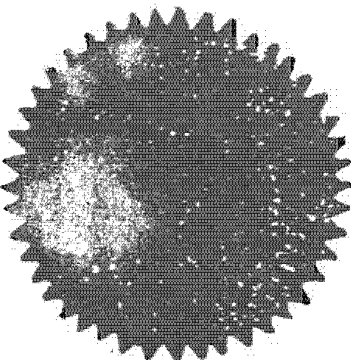
OF

Inverness Master Homeowners Association, Inc.

The undersigned, as Judge of Probate of Shelby County, State of Alabama, hereby certifies that duplicate originals of Articles of Non-Profit of Inverness Master Homeowners Association, Inc., duly signed and verified pursuant to the provisions of Section 10-3A-1 of the Alabama Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Judge of Probate, and by virtue of the authority vested in him by law, hereby issues this Certificate of Non-Profit of Inverness Master Homeowners Association, Inc., and attaches hereto a duplicate original of the Articles of Non-Profit

GIVEN Under My Hand and Official Seal on this the 26th day of April 19 91



RECEIVED
CLERK OF PROBATE
NO TRINMENT WAS FILED
91 APR 26 AM 10:27
JUDGE OF PROBATE

Thomas A. Snowden Jr.

Judge of Probate

I CERTIFY THIS TO BE A TRUE AND CORRECT COPY.

Thomas A. Snowden Jr.

Probate Judge Shelby County 4-26-91

**BY-LAWS
OF
INVERNESS MASTER HOMEOWNERS ASSOCIATION, INC.**

These are the By-Laws of Inverness Master Homeowners Association, Inc. (hereinafter for convenience called the "Association"), a corporation not for profit, incorporated under the laws of the State of Alabama.

**ARTICLE I
ASSOCIATION**

SECTION 1.1 Office. The office of the Association shall be at 5444 Woodford Drive, Birmingham, Alabama 35243, or such other place as shall be selected by a majority of the Board of Directors.

1.2 Fiscal Year. The fiscal year of the Association shall be the calendar year.

**ARTICLE II
DEFINITIONS**

SECTION 2.1 Articles of Incorporation. The Articles of Incorporation for the Association, which shall be recorded in the Probate Records of Shelby County, Alabama as the same may from time to time be supplemented or amended in the manner described therein.

2.2 Associate. A person or other entity who is a record owner of one or more parcels of real property constituting Associate's Property.

2.3 Associate's Property. Any lot, unit, or parcel of residential, real property in Inverness which is not subject to a lien for assessments in favor of the Association.

2.4 Association. The Association, its assigns, and successors, which shall be a master homeowners association for Inverness.

2.5 Association Property. That property which may at any time hereafter be owned by the Association for so long as the Association, or any successor thereof, may be the owner thereof.

2.6 Board. The Board of Directors of the Association.

2.7 By-Laws. The duly enacted By-Laws of the Association.

2.8 Declarations. The Declarations of Protective Covenants or Restrictive Covenants or the Declarations of Condominium for the following Inverness Subdivisions recorded in the Probate Office of Shelby County, Alabama at the following books and pages, and for other Inverness Subdivisions or other Subdivisions, SO LONG AS SUCH DECLARATIONS SUBJECT PROPERTY TO A LIEN FOR ASSESSMENTS IN FAVOR OF THE ASSOCIATION:

<u>Subdivision</u>	<u>Recording Information</u>
(a) Applecross	(a) Book 10, Page 515 (1975) as amended in Book 13, Page 154 (1975).
(b) Kerry Downs	(b) Book 5, Page 86 (1973); Book 5, Page 268 (1973); Book 5, Page 625 (1973). Kerry Downs II, also known as First Addition to Kerry Downs Heather Point, also known as Second Addition to Kerry Downs
(c) Selkirk	(c) Book 21, Page 10 (1977).
Selkirk II	Book 31, Page 185 (1978).
(d) Kirkwall	(d) Book 20, Page 159 (1977).
(e) Woodford	(f) Book 38, Page 380 (1980). Book 92, Page 175 (1986). Book 192, Page 723 (1988).
First Addition to Woodford	
Second Addition to Woodford.	
(f) Adam Brown	(g) Book 17, Page 865 (1976).

2.9 Developer. The developers of the Subdivisions named in the Declarations.

2.10 Inverness or Inverness Property. That part of the 1,550 acre Metropolitan Life Insurance Company development located in north Shelby County which is subjected to the Declarations. Inverness is located in that area of land in north Shelby County bounded on the north by U.S. Highway 280, on the east by Valleydale Road, on the south by Interstate 65, and on the west by Interstate 459, more or less.

2.11 Lot or Lots. Every lot or unit in the Subdivisions subject by the Declarations to a lien for assessments in favor of the Association.

2.12 Member. A person or other entity who is a record owner of one or more Lots constituting Member's Property.

2.13 Member's Property. Any Lot constituting part of the Property which shall have been subjected to the Declarations for the purpose of creating a lien for assessments in favor of the Association.

2.14 Open Spaces or Common Areas. Any recreation parks, playgrounds, facilities, lakes, common drives, footways, and Association Property, owned, acquired, built, operated, and maintained by the Association, including buildings, structures, and personal properties incident thereto.

2.15 Property. That real property subjected to the Declarations.

2.16 Resident. Any person or persons occupying Member's Property.

2.17 Subdivisions. The following Inverness Subdivisions: Applecross; Kerry Downs (including the First and Second Additions); Selkirk (including Selkirk II); Kirkwall; Woodford (including the First and Second Additions); Adam Brown; and any additional Subdivisions or additions to Subdivisions, SO LONG AS THE DECLARATIONS OF SUCH SUBDIVISIONS SUBJECT PROPERTY TO A LIEN FOR ASSESSMENTS IN FAVOR OF THE ASSOCIATION.

ARTICLE III

MEMBERSHIP

SECTION 3.1 Classes of Membership. Until the second annual meeting of Members, there shall be two classes of members of the

Association: (a) Members, with full voting rights, and (b) Associates, with limited voting rights. The Members of the Association shall consist of all record owners of Member's Property and shall be all those persons or other entities as set forth in Article V of the Articles of Incorporation. The Associates shall be all persons or other entities who are record owners of one or more lots, units, or parcels of Associate's Property. As of the date of the second annual meeting of Members, the class of Associates shall cease to exist as provided in section 3.5 hereof.

3.2 Rights and Obligations of Membership. The Members and Associates shall have all the rights, privileges, duties, and obligations applicable to their membership as set forth in the Declarations, Articles of Incorporation, and elsewhere in the By-Laws. Membership of Members in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Membership of Associates in the Association shall be appurtenant to, and may not be separated from, ownership of any Associate's Property. Membership of Members and Associates shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interests, provided that such instruments are promptly recorded in the Offices of the Judges of Probate of Shelby County, Alabama and a true copy of such recorded instrument is promptly delivered to the Association. Membership of Members and Associates shall terminate automatically upon the tendering of delivery of an instrument of transfer (provided such tender is accepted) or upon such ownership interest being divested in some other manner. Membership of Associates also shall terminate automatically upon the occurrence of any event as provided in Article III of these By-Laws.

3.3 Assessments. The rights of membership of Members in the Association are subject to the payment of annual assessments and charges. The obligation of such assessments and charges is imposed against each owner of, and is a lien upon, the Member's Property against which such assessment or charge is made. Similarly, the rights of membership of Associates are subject to the payment of annual assessments and charges. The obligation of such assessments and charges is imposed against each Associate, and timely payment thereof is a condition precedent to participation in the Association and use of the Common Areas.

3.3.1 Lien on Member's Property. All Member's Property shall be subject to a continuing lien for assessments levied by the Association in accordance with the provisions of the Declarations, the Articles of Incorporation, and the By-Laws. The annual assessments and charges together with interest thereon and the costs of collection thereof (including reasonable attorney's fees) as hereinafter provided, shall be a charge on, and shall be a continuing lien upon, the Member's Property against which each such assessment or charge is made. All Member's Property shall be held, transferred, sold, conveyed, used, leased, occupied,

mortgaged, and otherwise encumbered subject to all the terms and provisions of the Declarations, the Articles of Incorporation, and the By-Laws applicable to the Member's Property, including but not limited to, the continuing lien herein described.

3.3.2 Personal Obligation of Members. Unless otherwise provided in a deed or other conveyance, each Member, by acceptance of a deed or other conveyance to Member's Property, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association the annual assessments and charges, such assessments to be fixed, established, and collected from time to time as hereinafter provided. Each such assessment, together with interest and costs of collection, including reasonable attorney's fees, shall be the personal obligation of the person who is or was the owner of such Member's Property at the time the assessment falls or fell due.

3.3.3 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of providing any and all of the services and activities as may be to the mutual benefit of the Members and Associates; maintaining, operating, and repairing the Open Spaces, common recreational and other facilities within Inverness, the common roadway areas, water, sewer and drainage systems within Inverness, and other areas and structures beneficial or useful to the Member's Property and Associate's Property; the payment of taxes and insurance on all Association Property, and the repair, replacement, and additions thereto, and the cost of labor, insurance, equipment, materials, management, and supervision thereof, or other purposes beneficial to the Members and Associates, as determined by the Association; and for the purpose of carrying out the functions, purposes, responsibilities, and duties of the Association. THE ASSOCIATION DOES NOT GUARANTEE OR WARRANT THAT SUCH SERVICES WILL BE PROVIDED AND NOTHING HEREIN SHALL BE CONSTRUED AS AN OBLIGATION TO PROVIDE ANY SUCH SERVICES.

3.3.4 Amounts of Annual Assessments. The annual assessment applicable to Member's Property and Associates shall be set by the Board of the Association. The Board may set all or a part of the annual assessment applicable to Member's Property and Associates, and it may delegate to individual homeowners associations in Subdivisions, the power to set all or a part of the assessment applicable to Member's Property within the Subdivisions.

3.3.5 Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. With regard to non-payment of assessments by Members, the Association may bring an action at law against any Member personally obligated to pay the same, or foreclose the lien against the Member's Property. No

Member may waive or otherwise escape liability for the assessments provided for in the Declarations or in the By-Laws by non-use of the Open Spaces or other areas for which assessments are applied or by abandonment of the Member's Property owned by such Member. With regard to non-payment of assessments by Associates, if any Associate fails to pay assessments owed to the Association, such Associate will be subject to loss of membership in the Association as provided in Section 3.4 of these By-Laws.

3.3.6 Subordination of Lien to Mortgages. The lien of any assessment or charge, authorized by the Declarations or Article III of these By-Laws with respect to Member's Property, is subordinate to the lien of any bona fide mortgage on such Member's Property if, but only if, all assessments and charges levied against such Member's Property falling due on or prior to the date such mortgage is recorded, have been paid. The foregoing subordination shall not relieve a Member, whose Member's Property has been mortgaged, of his personal obligation to pay all assessments and charges falling due during the time he or she is the owner of such Property. The Board may at any time, either before or after the mortgaging of any Member's Property, waive, relinquish, or quitclaim in whole or in part the right of the Association with respect to such Property coming due during the period while such Property is or may be held by a mortgagee or mortgagees pursuant to such sale or transfer.

3.4 Suspension of Membership Rights. The Association membership rights of any Member, including the right to vote, may be suspended by the Board (a) for any period during which any assessment or charge owed to the Association by such Member remains unpaid, or (b) for a period not to exceed thirty (30) days for any infraction of the Association's published rules and regulations. Any such suspension shall not affect such Member's obligation to pay assessments coming due during the period of suspension and shall not affect the permanent charge and lien on the Member's Property in favor of the Association.

The Membership rights of any Associate shall be terminated automatically (a) if any assessment or charge owed to the Association by an Associate is not paid within thirty (30) days after the due date, or (b) for any infraction of the Association's published rules and regulations. Thirty (30) days after termination of an Associate's membership, a former Associate may petition the Board to regain Associate membership status. A majority of the Board may vote to reinstate Associate membership, and the Board may place any terms or conditions on such reinstatement, including payment of all amounts owed to the Association plus interest.

3.5 Termination of Class of Associates. As of the date of the second annual meeting of Members, the class of Associates shall cease to exist, and there shall be one class of members consisting

of Members, with all of the rights, privileges, duties, and obligations set forth in the Declarations, the Articles of Incorporation, and these By-Laws. Thereafter, all provisions in these By-Laws applicable only to Associates shall become null and void, and all provisions applicable to both Members and Associates shall apply only to Members.

ARTICLE IV

VOTING RIGHTS

SECTION 4.1 Voting Rights of Members. When entitled to vote, each Member shall have one vote for each Lot owned by such Member. When more than one (1) person or other entity holds an ownership interest or interests in any Lot, the vote for such Lot shall be exercised as the owners among themselves shall determine, but in no event shall more than one (1) person be entitled to cast the vote with respect to any Lot. In the event of a disagreement among such persons or other entities and an attempt by more than one to cast the vote of such Lot, such person or other entities shall not be recognized and the vote with respect to such Lot shall not be counted.

4.2 Voting Rights of Associates. When entitled to vote, each Associate, shall have one vote for each lot, unit, or parcel of Associate's Property owned by such Associate. When more than one (1) person or other entity holds an ownership interest in any Associate's Property, the vote for such lot, unit, or parcel of Associate's Property shall be exercised in the same manner as provided in Section 4.1 hereof for votes with respect to Lots in which more than one (1) person or other entity holds an ownership interest. Associates may vote only for the election of Associate Directors and are not entitled to vote on other matters for which Members are entitled to vote.

ARTICLE V

ASSOCIATION POWERS

SECTION 5.1 Mortgages. The Association shall have the power to mortgage or otherwise burden or encumber all or a part of the Association Property, provided that any such mortgaging or encumbering shall be authorized by an affirmative vote of one-fourth (1/4) of all of the Members.

5.2 Dedication or Transfer of Properties. The Association shall have the power to transfer the ownership of all or part of the Association Property, provided that any such transfer, by dedication to a public authority, or otherwise, shall be authorized by an affirmative vote of one-fourth (1/4) of all of the Members.

ARTICLE VI

BOARD OF DIRECTORS

SECTION 6.1 Selection; Terms of Office. Until the first annual meeting of the Members, the initial Board of Directors shall consist of seven (7) directors as provided in Article VIII of the Articles of Incorporation.

6.2 Initial Board. Until the second annual meeting of Members, there shall be two classes of directors: (a) directors with full voting rights, and (b) associate directors with no voting rights. The initial Board of Directors set forth in Article VIII of the Articles of Incorporation shall consist of five (5) directors (each a "Director", collectively the "Directors") who shall be Members of the Association and two (2) associate directors (each an "Associate Director", collectively the "Associate Directors") who shall be Associates of the Association. There shall be one (1) Director appointed from among the Members who own a Lot or Lots in each of the following four (4) Subdivisions: Selkirk, Kirkwall, Woodford, and Adam Brown. There shall be one (1) Director called the "Director-at-Large" appointed from among the Members who own a Lot or Lots in any of the preceding four (4) Subdivisions. There shall be one (1) Associate Director appointed from among the Associates who own a lot, unit, or parcel of Associate's Property in each of the following two (2) Inverness subdivisions: Applecross and Kerry Downs. The Directors, including the Director-at-Large, shall have full voting rights, and unless expressly stated in the By-Laws, the Associate Directors shall have no voting rights and shall serve in an advisory capacity only. The initial Board shall hold office until the first annual meeting of the Members, or until all of the Members shall so designate in a written petition which is delivered to the Association, whichever shall first occur.

In the event any Director, including the Director-at-Large, or Associate Director named in Article VIII of the Articles of Incorporation ceases to be a Director or Associate Director prior to the time specified above in this Section 6.2, his or her replacement shall be elected by a majority vote of the remaining Directors at a regular or special meeting of the Board. The Member appointed to replace a Director must be a Member who owns a Lot or Lots in the same Subdivision in which the initial Director owned a

Lot or Lots on the date he or she was appointed to the initial Board. The Member appointed to replace the Director-at-Large may be a Member who owns a Lot or Lots in any of the four (4) Subdivisions from which a Director may be elected. An Associate appointed to replace an Associate Director must be an Associate who owns a lot, unit, or parcel of Associate's Property in the same Inverness subdivision in which the initial Associate Director owned Associate's Property on the date he or she was appointed to the initial Board.

As of the date of the second annual meeting of Members, the class of Associates Directors shall cease to exist as provided in section 6.6 hereof.

6.3 Election of Directors. After the time at which the term of the initial Board of Directors terminates, as provided in Section 6.2 hereof, and until the second annual meeting of the Members, the Board shall consist of one (1) Member from each Subdivision and one (1) Associate from each Inverness subdivision not subject by a Declaration to a lien for assessments in favor of the Association, who shall be elected in the following manner:

6.3.1 The incumbent Board shall hold office until the election of their successors by the Members and Associates, if any, at the first annual meeting of the Members.

6.3.2 At the first annual meeting of the Members, there shall be elected in the manner set forth in Article VII of these By-Laws, five (5) Directors, including one (1) Director-at-Large if required under Section 6.3.3 hereof, three (3) such Directors being elected for two (2) year terms, and two (2) such Directors being elected for one (1) year terms, and two (2) Associate Directors, all such Associate Directors being elected for one (1) year terms.

6.3.3 There shall be at least as many Directors on the Board as there are Subdivisions, and at least one (1) Director elected or appointed to represent each of the Subdivisions, and at all times not less than three (3) Directors on the Board. Any Member who owns a Lot or Lots in a Subdivision is eligible to represent that Subdivision as a Director on the Board. If at any time there exists an even number of Subdivisions, one (1) additional Director, the "Director-At-Large", who shall be a Member who owns a Lot or Lots in any of the Subdivisions, shall be elected by the Members as a whole as provided in Article VII of these By-Laws. The person receiving the largest number of votes of the Members entitled to vote shall be elected a Director or the Director-At-Large.

6.3.4 There shall be at least one (1) Associate Director elected or appointed to the Board to represent each Inverness subdivision not subject by the Declarations to a lien for

assessments in favor of the Association. Any Associate who owns a lot, unit, or parcel of real property which constitutes Associate's Property in an Inverness subdivision is eligible to represent that subdivision as an Associate Director on the Board. The person receiving the largest number of votes of the Associates entitled to vote shall be elected an Associate Director.

6.3.5 If at any time before the second annual meeting of Members, the Associates of any Inverness Subdivision not subject by the Declarations to a lien for assessments in favor of the Association amend the subdivision's declaration of protective covenants, restrictive covenants, or condominium to subject the lots, units, or parcels of Associate's Property to a lien for assessments in favor of the Association, then the Associates shall automatically become Members entitled to elect a Director to the Board pursuant to the provision in Article 6 of these By-Laws.

6.4 Vacancies. Vacancies on the Board of Directors of Directors and Associate Directors, shall be filled by a majority vote of the remaining Directors, except as otherwise provided in these By-Laws. Except when a Director-At-Large is being replaced, the person appointed as a new Director by the Board must be a Member who owns a Lot or Lots in the same Subdivision in which the Director who was replaced owned a Lot or Lots on the date he or she was elected to the Board. The Board may elect a Member who resides in any Subdivision to replace a Director-At-Large. The person appointed as a new Associate Director must own a lot, unit, or parcel of Associate's Property in the same Inverness subdivision in which the prior Associate Director owned Associate's Property when he or she was elected to the Board. Any Director, Associate Director, or Director-At-Large so appointed by the Board shall hold office until his or her successor is elected by the Members or Associates who are entitled to vote at the next annual meeting of the Members, or at any special meeting duly called for that purpose.

6.5 Removal of Directors. Except for a Director-At-Large, any Director elected by the Members may be removed at any time, with or without cause, by vote of the majority of the Members who own a Lot or Lots in the same Subdivision in which the Director owned a Lot or Lots on the date he or she was elected to the Board, at any regular or special meeting of the Members, or by written consent of such Members. A person elected to replace any Director who is removed from the Board shall be elected by a majority of the total vote of the Members that own a Lot or Lots in such Subdivision at any such regular or special meeting.

A Director-At-Large elected by the Members may be removed at any time, with or without cause, by a vote of a majority of the total vote of the Members. A replacement for any Director-At-Large who is removed from the Board shall be elected by a majority vote of the Members as a whole.

An Associate Director elected by the Associates may be removed by a vote of two-thirds (2/3) of the Associates who own a lot, unit, or parcel of Associate's Property in the Inverness subdivision which the prior Associate Director was elected to represent. A person elected to replace any Associate director who is removed from the Board shall be elected by a majority vote of the Associates that own a lot, unit, or parcel of Associate's Property in such Inverness subdivision.

6.6 Termination of Class of Associate Directors. As of the date of the second annual meeting of Members, the class of Associate Directors shall cease to exist, and there shall be one class of directors consisting of Directors, with all of the rights, privileges, duties, and obligations set for in the Declarations, Articles of Incorporation, and these By-Laws. Thereafter, all provisions in these By-Laws applicable only to Associate Directors shall become null and void, and all provisions applicable to both Directors and Associate Directors shall apply only to Directors.

ARTICLE VII

ELECTION OF DIRECTORS BY MEMBERSHIP

SECTION 7.1 Election of Directors. Elections of Directors to the Board by the Members shall be by written ballot as hereinafter provided. At such elections, the Members or their proxies may cast one (1) vote with respect to each Lot in which they hold an interest required for membership in the Association, by Article V of the Articles of Incorporation, for each vacancy on the Board of a Director for whom they are entitled to vote. Members may vote only for the Director or Directors who will represent and who own a Lot or Lots in the Subdivision in which the Member owns a Lot or Lots, or for a Director-At-Large to be elected as provided in Article VI.6.3.3 of the By-Laws. The persons receiving the greatest number of votes shall be elected.

7.2 Election of Associate Directors. Elections of Associate Directors, if any, to the Board by the Associates shall be by written ballot as hereinafter provided. At such elections, the Associates or their proxies may cast one (1) vote for each lot, unit, or parcel of Associate's Property owned, for each vacancy on the Board of an Associate Director for whom they are entitled to vote. Associates may vote only for the Associate Director who will represent, and who owns a lot, unit, or parcel of Associate's Property in, the Inverness subdivision in which the Associate owns a lot, unit, or parcel of Associate's Property.

7.3 Nominations Committee. Nomination of a slate of Directors and Associate Directors, if any, for election to the Board shall be made by a nominations committee (the "Nominations Committee") consisting of at least three (3) Members appointed each year by the Board. Members of the Nominations Committee shall be

appointed by the Board at least sixty (60) days before the date on which the election of Directors and Associate Directors to the Board is to be held, and the slate of Directors and Associate Directors to be nominated by the Nominations Committee shall be nominated at least forty-five (45) days before the date of such election. No Members on the Nominations Committee shall be eligible for nomination for the Board by such Committee.

In addition, Nominations for Directors for election to the Board by the Members who own a Lot or Lots in the Subdivision in which the nominee owns a Lot or Lots, and who are entitled to vote, may be made by petition signed by six (6) or more Members who own a Lot or Lots in the Subdivision from which the Director will be elected. Likewise, nominations for Associate Directors, if any, by Associates, if any, who own a lot, parcel, or unit of Associate's Property in the Inverness subdivision in which the nominee owns Associate's Property, and who are entitled to vote, may be made by six (6) or more Associates who own a lot, unit, or parcel of Associate's Property in such Inverness subdivision. Provided that all such petitions by Members and Associates, if any, must be filed with the Secretary of the Association at least thirty (30) days before the date of the meeting of the Members at which the Directors and Associate Directors are to be elected.

7.4 Ballots. All elections to the Board shall be made by a written ballot which shall: (a) describe the vacancy or vacancies to be filled; (b) set forth the names of those nominated for such vacancies by petition timely filed with the Secretary of the Association; and (c) contain a space for a written vote by the Members or Associates, if any, for each vacancy. Such ballots shall be prepared and mailed by the Secretary of the Association to the Members and Associates, if any, entitled to vote at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the date for the annual meeting or special meeting called for election).

7.5 Voting Procedures. Each Member shall receive as many ballots as he or she has Lots in the Subdivision from which a Director will be elected. Similarly, each Associate, if any, shall receive as many ballots as he or she has lots, parcels, or units of Associate's Property in the Inverness subdivision from which an Associate Director will be elected. Each Member or Associate shall place a mark next to the name of the nominee on the ballot or ballots for whom the Member or Associate wishes to cast his or her vote for the election of such nominee to the Board, or shall write in the name of a person not so nominated in the space on the ballot or ballots provided for this purpose. Each ballot shall be signed by the Member or Associate casting the vote and shall be returned to the Secretary of the Association, who, upon receipt of each ballot shall immediately place it in a safe or other locked place until the day set for the annual or other special meeting at which the elections are to be held. On that date, the ballots shall be

turned over to an Elections Committee (hereinafter referred to as "Elections Committee") which shall consist of three (3) Members appointed by the Board of Directors. The Elections Committee shall then adopt a procedure which shall:

7.5.1 Establish either that the Member submitting the ballot or proxy owns a Lot or Lots in the Subdivision from which the Director is to be elected and as such is entitled to vote for the Director being elected, or that such Member owns a Lot or Lots in any Subdivision of Inverness and thus, is a Member entitled to vote for a Director-At-Large; or establish that the Associate, if any, owns a lot, parcel, or unit of Associate's Property in the Inverness subdivision from which the Associate Director is to be elected; and

7.5.2 Establish that the number of ballots turned in by each Member or his or her proxy identified on the ballot corresponds with the number of Lots owned by such Member in the particular Subdivision, or in the case of an election of a Director-At-Large, establish that the number of ballots corresponds with the number of Lots owned by such Member in any Subdivision of Inverness; or establish that the number of ballots turned in by each Associate, if any, or Associate's proxy corresponds with the number of lots, units, or parcels of Associate's Property owned by such Associate in the particular Inverness subdivision; and

7.5.3 Establish that the signature of the Member, Associate, if any, or proxy on the ballot is genuine; and

7.5.4 If the vote is by proxy, establish that a proxy has been filed with the Secretary as provided in Article XIII of these By-Laws and that such proxy is valid.

Said procedure by the Elections Committee shall be undertaken in such a manner that the vote of any Member, Associate, if any, or proxy shall not be disclosed to anyone.

If any ballot is incomplete, or if the signature of the Member, Associate, if any, or proxy is not genuine, such ballot shall be disqualified and shall not be counted. All valid ballots shall be counted, and the nominee who has received the greatest number of votes shall be elected a Director, Director-At-Large, or Associate Director, if any. After the announcement of the results by the Elections Committee, unless a review of the procedure is demanded by fifty-one percent (51%) of the Members casting ballots in the election within ten (10) days after the election, the ballots shall be destroyed.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 8.1 Powers. The Directors on the Board of Directors shall have the powers:

8.1.1 To call special meetings of the Members whenever the Board deems necessary, and the Directors shall call a meeting at any time upon written request of twenty-five percent (25%) of the Members entitled to vote, as provided in Article XII.12.2 hereof.

8.1.2 To appoint and remove at their pleasure all Officers (as hereinafter defined), agents, and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as the Board may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, Associate, if any, Officer, Director, or Associate Director, if any, of the Association in any capacity whatsoever.

8.1.3 To establish, levy, assess, and collect the assessments and charges set forth in Article III of these By-Laws, and the power to delegate the power to establish, levy, assess, and collect such assessments and charges to homeowners associations of individual Subdivisions.

8.1.4 To adopt and publish rules and regulations governing the use of the Open Spaces and the facilities of the Association, and the personal conduct of the Members, Associates, if any, and their guests thereon.

8.1.5 To exercise for the Association all powers, duties, and authorities vested in or delegated to the Association, except those reserved to Members in the Declarations, Articles of Incorporation, or elsewhere in these By-Laws.

8.1.6 To appoint such committees as the Board deems are in the best interest of the Association and to carry out the functions and duties of the Board.

8.2 Director and Associate Director Absences. In the event that any Director or Associate Director, if any, of the Association is absent from three (3) consecutive regular meetings of the Board, the Directors on the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director or Associate Director to be vacant, and the provisions relating to filling vacancies on the Board as set forth in Article VI.6.4 of the By-Laws shall become operative.

8.3 Duties. It shall be the duty of the Board of Directors:

8.3.1 To cause to be kept a complete record of all its acts and corporate affairs and to present the statement thereof to the voting Members at the annual meeting of the voting Members or at any special meeting when such is requested in writing by twenty-five percent (25%) of the Members entitled to vote, as provided in Article XII.12.2 hereof.

8.3.2 To supervise all Officers (as hereinafter defined), agents, and employees of the Association and to insure that their duties are properly performed.

8.3.3 As more fully provided in the Declarations and Article III of the By-Laws, to fix the amount of the assessment against each Lot owned by a Member and against each Associate, if any, at least thirty (30) days in advance of the date any payment of such assessment is due.

8.3.4 To prepare a roster of the Lots and owners thereof, according to the Subdivisions in which they are located, and the lots, units, and parcels of Associate's Property and owners thereof, and the assessments applicable thereto, which shall be kept in the offices of the Association and shall be open to inspection by any Member or Associate, if any, thereof, and to send written notice of each assessment to every Member or Associate, if any, subject thereto.

8.3.5 To issue, or cause an appropriate Officer (as hereinafter defined) to issue upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

8.3.6 To obtain and maintain a liability insurance policy for the protection of the Association covering the Open Spaces and covering such risks and with such deductible amounts as the Board shall determine.

ARTICLE IX

DIRECTORS MEETINGS

SECTION 9.1 Time and Place. Meetings of the Board of Directors may be held at any place within Shelby County or Jefferson County, Alabama. The Board shall meet immediately following the close of the annual meeting of the Members at the place thereof, or the Board may hold such meeting at such place and time as shall be fixed by the consent in writing of all the Directors. Regular meetings of the Board may be held at such time and place as shall from time to time be determined by the Board.

9.2 Notice. Notice of regular meetings of the Board is hereby dispensed with. If the day for a regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

9.3 Special meetings. Special meetings of the Board shall be held when called by any Officer (as hereinafter defined) of the Association or by any two (2) Directors after not less than three (3) days' notice to each Director and Associate Director, if any.

9.4 Waivers, Consents, and Approvals. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum of Directors is present and, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records and shall be made a part of the minutes of the meeting.

9.5 Quorum. A majority of the Directors on the Board of Directors shall constitute a quorum thereof.

9.6 Adjourned Meetings. If at any meeting of the Board there is less than a quorum of Directors present, the majority of those present may adjourn the meeting from time to time until a quorum is present. After any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

9.7 Resolutions. A simple majority vote of the Directors present at a Board meeting shall be required to pass a resolution provided a quorum is present, unless otherwise specified in the By-Laws.

9.8 Associate Directors. Associate Directors may attend all regular and special meetings of the Board and are subject to the removal provision in Article VIII.8.2 for excessive absences. Associate Directors do not have the right to vote on any matters considered by the Board but shall have the right to participate in discussions, negotiations, or investigations of such matters prior to a vote by the Directors on the Board.

ARTICLE X

OFFICERS

SECTION 10.1 Officers. The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer (each an "Officer," collectively the "Officers"). The President and the Vice President shall be members of the Board of Directors with the full voting rights of Directors.

10.2 Election. The first Officers of the Association shall be elected by a majority vote of the Directors at the first meeting of the Board of Directors. Thereafter, the Officers shall be elected by the Board at its annual meeting.

10.3 Term. All Officers shall hold office at the pleasure of the Board from the date of his or her election until the next annual meeting of the Board and until his or her successor shall have been duly elected and qualified or until his death, resignation, or removal. In no event shall any one term of an Officer be in excess of three (3) years from election; notwithstanding the preceding, any Officer may hold office for successive terms the total of which terms may exceed three (3) years.

10.4 President. The President shall preside at all meetings of the Board and of the Members and shall see that orders and resolutions of the Board are carried out, and shall sign all notes, checks, leases, mortgages, deeds, and all other written instruments as may be incidental to the orders and resolutions of the Board. The President also shall perform any duties as may be prescribed by the Board.

10.5 Vice President. The Vice President shall perform all of the duties of the President in his or her absence and any such duties as may from time to time be assigned by the President or the Board.

10.6 Secretary. The Secretary shall be "ex officio" Secretary of the Board and shall record the vote and keep the minutes of all proceedings of the Board and of the Members at the Members' meetings in books to be kept for such purpose. The Secretary shall keep the records of the Association. The Secretary shall record in a book kept for such purpose the names of all Members of the Association, the Subdivisions in which the Members own Lots, the block and lot numbers of the Lots they own, and their addresses as registered by such Members. He or she also shall record in such book the names of all Associates, if any, the Inverness subdivision in which the Associates own Associate's Property, the block and lot numbers of the Associate's Property they own, and their addresses as registered by such Associates.

10.7 Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; provided, however, that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or by the Vice President in the President's absence. The Treasurer may, with the approval of a majority of the Board, cause an audit of the Association books to be made by a certified public accountant when, in the Board's discretion, an audit is necessary.

10.8 Bookkeeping. The Treasurer shall keep proper books of account and shall prepare the annual budgets and an annual balance sheet statement. The budget and balance sheet statement shall be presented to the Members at the regular annual meeting of the Members.

ARTICLE XI

INDEMNIFICATION

SECTION 11.1 Every person who serves as a Director, Associate Director, if any, or Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including fees for legal counsel, reasonably incurred by or imposed upon such person in connection with any proceeding to which the person may be a party, or in which the person may become involved, by reason of his or her being or having been a Director, Associate Director, or Officer of this Association, or any settlement thereof, whether or not the person is a Director, Associate Director, or Officer at the time such expenses are incurred, except in such cases wherein the Director, Associate Director, or Officer is adjudged guilty of willful, reckless, or gross misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which such Director, Associate Director, or Officer may be entitled.

ARTICLE XII

COMMITTEES

SECTION 12.1 Standing Committees. From and after the first annual meeting of the Board of Directors, the standing committees of the Association shall be:

The Recreation and Social Committee
The Maintenance Committee
The Publications and Publicity Committee
The Architectural Control Committee
The Safety Committee

Unless otherwise provided herein, each committee shall consist of two (2) or more Members and may consist of one (1) or more Associates, if any. The committees shall be appointed by the Board immediately after each annual meeting of the Board to serve until the close of the next annual meeting of the Board. The Board may appoint such other committees as it deems desirable.

12.2 Recreation and Social Committee. The Recreation and Social Committee shall advise the Board on all matters pertaining to the recreational programs and activities of the Association and shall perform such other functions as the Board, in its discretion, shall determine.

12.3 Maintenance Committee. The Maintenance Committee shall advise the Board on all matters pertaining to the maintenance, repair, or improvement of the Open Spaces and Association Property and shall perform such other functions as the Board, in its discretion, shall determine.

12.4 Publications and Publicity Committee. The Publications and Publicity Committee shall inform the Members of all activities and functions of the Association, may publish a newsletter, directory, or other publications, and shall, after consulting with the Board, make such public announcements and press releases as are in the best interest of the Association. This Committee shall perform such other functions as the Board, in its discretion, shall determine.

12.5 Architectural Control Committee. Until the Developer elects, or is requested by the Board and complies with such request, to terminate control of this Committee, the Architectural Control Committee shall consist of at least two (2) Members from each of the Subdivisions and at least one (1) agent of the Developer. The primary duty of this Committee shall be to examine and approve or disapprove all plans, including site plans, for construction of improvements or additions on Lots within the Subdivisions in accordance with the provisions of the Declarations.

Only the agent or agents of the Developer and the Members on this Committee who own a Lot or Lots in the particular Subdivision in which the construction is contemplated shall review the plans for such construction.

12.6 Safety Committee. The Safety Committee shall advise the Board on all matters pertaining to the safety and security of the Open Spaces, Association Property, Member's Property, and Associate's Property, if any, and shall perform such other functions as the Board, in its discretion, shall determine. This Committee shall, among other functions, coordinate a Neighborhood Watch Program and act as a liaison between Members and Associates, if any, and local fire, police, and other agencies involved with safety and security. THE SERVICES OF THIS COMMITTEE SHALL BE SUPPLEMENTAL TO MUNICIPAL AND OTHER GOVERNMENTAL SERVICES.

12.7 Subcommittees. Each committee shall have the power to appoint a subcommittee from among the Members and Associates, if any, and may delegate to any such subcommittee any of its powers, duties, and functions set forth in this Article XI, and as delegated by the Board.

12.8 Review of Complaints. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities in its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director, or Officer of the Association as is further concerned with the matter presented.

ARTICLE XIII

MEETINGS OF MEMBERS

SECTION 13.1 Annual Meeting. The first annual meeting of the Members and Associates, if any, shall be held within one (1) year after incorporation of the Association. Thereafter, the regular annual meeting of the Members shall be held at 7:00 o'clock p.m. on the first Tuesday of May of each year (beginning May 5, 1992), provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the following day. The place of the annual meetings shall be determined by the Board.

13.2 Special Meetings. Special meetings of the Members for any purpose may be called at any time by any of the Officers or by any two (2) or more Directors on the Board. In addition, special meetings of the Members must be called upon the written request of twenty-five percent (25%) of the Members entitled to

vote under the provisions of Article V of the Articles of Incorporation at the time such written request is made.

13.3 Notice. Notice of any meetings of the Members shall be given to the Members and Associates, if any, by the Secretary. Notice may be given to the Members and Associates either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid, to his or her address appearing on the books of the Association. Each Member and Associate shall register his or her address with the Secretary, and notices of meetings shall be mailed to the Member or Associate at such address. Notice of any regular or special meeting shall be mailed at least six (6) days in advance of the meeting, and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve an election governed by Article VII, notice of such meeting shall be given or sent as therein provided. Failure to give notice of a Members' meeting to any Associate shall not impair the Members' ability to transact business at such meeting, provided proper notice was given to the Members and a quorum of Members is present.

13.4 Quorum. The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, ten percent (10%) of the vote of the Members of the Association shall constitute a quorum of Members for any actions governed by the By-Laws, unless provided otherwise in the Declarations, Articles of Incorporation, or elsewhere in these By-Laws.

13.5 Action by Members. Members may transact business or take action with a majority vote by a quorum, unless provided otherwise in the Declarations, Articles of Incorporation, or elsewhere in these By-Laws.

13.6 Action by Members Without a Meeting. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

ARTICLE XIV

PROXIES

SECTION 14.1 Form of Member or Associate Vote. At all meetings of Members, each Member or Associate, if any, entitled to vote may vote in person or by proxy.

14.2 Proxies. All proxies shall be in writing filed with the Secretary of the Association at least three (3) days prior to the meeting at which such proxy shall cast the vote of the Member or Associate, if any. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon the sale by the Member of his or her Lot or other interest in the Member's Property or upon the sale by the Associate of his or her Associate's Property or interest therein.

ARTICLE XV

INSPECTION OF BOOKS AND PAPERS

SECTION 15.1 The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member or Associate, if any.

ARTICLE XVI

PARLIAMENTARY RULE

SECTION 16.1 Roberts Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Declarations or the Articles of Incorporation.

ARTICLE XVII

AMENDMENTS


SECTION 17.1 The By-Laws may be altered, amended, or repealed by a majority vote of the Board of Directors; provided, however, that those provisions of these By-Laws which are governed by the Articles of Incorporation may not be amended except as provided therein or except as provided by applicable law; and provided further, that any matter stated herein to be or which is in fact governed by the Declarations may not be amended except as provided in the Declarations.

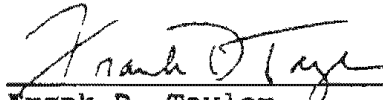
ARTICLE XVIII


CONFLICTS

SECTION 18.1 In the case of any conflict between the Articles of Incorporation and the By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declarations and the Articles of Incorporation or By-Laws, the Declarations shall control.

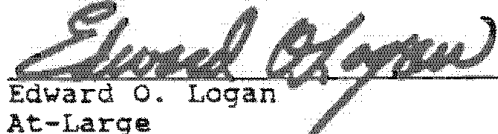
IN WITNESS WHEREOF, we being all of the Directors of the Inverness Master Homeowners Association, Inc., have heretofore set our hands and seals this 26 day of April, 1991.

 (SEAL)
Charles L. Quinn
Selkirk

 (SEAL)
Frank D. Taylor
Kirkwall

 (SEAL)
Edward D. Hicks
Woodford

 (SEAL)
Joyce Gordon
Adam Brown

 (SEAL)
Edward O. Logan
At-Large

COVENANT OF
INVERNESS POINT

1362

This instrument was prepared by Jack P. Stephenson, Jr.
3000 SouthTrust Tower, Birmingham, Alabama 35203

STATE OF ALABAMA)
COUNTIES OF)
JEFFERSON AND SHELBY)

DECLARATION OF PROTECTIVE COVENANTS

FOR

INVERNESS POINT, A RESIDENTIAL SUBDIVISION

THIS DECLARATION OF PROTECTIVE COVENANTS, (the "Declaration") is made as of this 20th day of October, 1988 by 2154 TRADING CORPORATION, a corporation, doing business as INVERNESS, (the "Developer"), which declares that the real property hereinafter described is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth (the "Protective Covenants").

Shelby Co., AL
BOOK 209 PAGE 890

WHEREAS, the Developer is presently the owner of certain real property known as Inverness Point, a subdivision of Inverness, located in Shelby County and Jefferson County, Alabama; as shown by the Plat of Inverness Point, a subdivision of Inverness, as recorded in Map Book 13, at page 6, in the Office of the Judge of Probate of Shelby County, Alabama, and as recorded in Map Book 159 at page 30 in the Office of the Judge of Probate of Jefferson County, Alabama; and

WHEREAS, the Developer desires to establish and enforce uniform standards of development quality and to provide for the effective preservation of the appearance, value and amenities of real property herein described and for the maintenance and administration of certain areas thereof which benefit all owners of property therein and, to this end, desires to subject said real property, together with such additions thereto as may hereafter be made, to the Protective Covenants, all of which are for the benefit of the said real property and each owner thereof; and

WHEREAS, the Developer has deemed it desirable for the establishment and enforcement of uniform standards of development quality and the effective preservation of the appearance, value and amenities to create a nonprofit corporation (the "Association") to which should be delegated and assigned the powers of maintaining and administering certain areas thereof which benefit all owners of property therein and enforcing the Protective Covenants and of levying, collecting and depositing such charges

and assessments as may be authorized in this Declaration for that purpose; and

WHEREAS, the Developer has incorporated the Association under the laws of the State of Alabama, as a nonprofit corporation, for the purpose of exercising the aforesaid functions.

NOW, THEREFORE, the Developer declares that the real property described in Section 2.01 hereof, and such additions thereto as may hereafter be made pursuant to Section 2.02 hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the Protective Covenants, all of which shall be construed as and deemed to be covenants running with the land and shall be binding on and inure to the benefit of all parties having a right, title or interest in the said real property, as well as their heirs, successors and assigns.

ARTICLE I

DEFINITIONS

The following words, when used in this Declaration (unless the context shall prohibit), shall have the following meanings:

1.01 "Association" shall mean and refer to Inverness Point Owners Association, Inc., an Alabama nonprofit corporation, as well as its successors or assigns. This is the Declaration of Protective Covenants to which the Articles of Incorporation (the "Articles") and By-Laws (the "By-Laws") of the Association make reference. Copies of the Articles and By-Laws are attached hereto and made a part hereof as EXHIBITS "A" and "B", respectively.

1.02 "Common Area" or "Common Areas", as the case may be, shall mean and refer to all real and/or personal property which the Association owns, leases, or has otherwise acquired for the common use and enjoyment of the members of the Association, and all real and/or personal property within or in the vicinity of the Property (hereinafter defined) in which the Association, either directly or indirectly through a Master Association, has an interest for the common use and enjoyment of the members of the Association, including, without limitation, a right of use (such as but not limited to, the entrance area to the Property, lakes, dams and spillways, swim and tennis facilities, street signs, parks and common recreational areas, cul-de-sac plantings, and the grassed or landscaped areas in or adjacent to publicly dedicated streets, the Cahaba River, and lakes within the Property). The use of the Common Area shall be restricted to park landscape, entry features, directional graphic system,

Shelby Co. AL
BOOK 209 PAGE 891

drainage and retention, landscape medians, security, safety, pedestrian paths, roads, lighting, recreational facilities or any other use to which the Board of Directors of the Association may accede.

Developer agrees that all of the Common Area, fee simple title to which may be owned or held by Developer, shall be conveyed to the Association not later than sixty (60) days after Developer relinquishes control of the Board of Directors pursuant to Article Sixth of the Articles of the Association.

1.03 "Developer" shall mean and refer to 2154 Trading Corporation, a corporation doing business as Inverness, or its successors or assigns if such successors or assigns acquire any portion of the Property from 2154 Trading Corporation and is designated as successor developer by 2154 Trading Corporation.

1.04 "Institutional Mortgagee" shall mean and refer to any federal or state chartered bank, life insurance company, federal or state savings and loan association or real estate investment trust which holds a first mortgage or other first lien or charge upon any Lot or portion of a Lot or any interest therein which is of record in the Office of the Judge of Probate of Shelby County, Alabama or in the Office of the Judge of Probate of Jefferson County, Alabama, as the case may be.

1.05 "Lot" or "Lots", as the case may be, shall mean and refer, to the individual residential lots as reflected on subdivision plat(s) for the Property as recorded in the Office of the Judge of Probate of Shelby County, Alabama, and the Office of the Judge of Probate of Jefferson County, Alabama, as the same may be amended from time to time.

1.06 "Master Association" shall mean and refer to any corporation, association or other entity in which the Association elects to participate for the benefit and burden of the members of the Association.

1.07 "Owner" or "Owners", as the case may be, shall mean and refer to one or more persons or entities who or which have fee simple title to any Lot or Lots, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.08 "Property" shall mean and refer to all real property which is presently or may hereafter be subject to this Declaration pursuant to Article II below.

Shelby Co., AL
BOOK 209 PAGE 892

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION,
ADDITIONS THERETO, DELETIONS THEREFROM

2.01 Legal Description. The real property which presently is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Shelby County and Jefferson County, Alabama, and is described in the Plat of Inverness Point, a subdivision of Inverness, as recorded in Map Book 13, at page 6, in the Office of the Judge of Probate of Shelby County, Alabama, and in Map Book 159 at page 30 in the Office of the Judge of Probate of Jefferson County, Alabama. This Declaration shall not apply to any other property owned by Developer or any other person or entity, unless expressly made subject to this Declaration pursuant to Section 2.02 hereof.

2.02 Additions to Property. Upon the approval in writing of the Association, the owner of any property who desires to subject it to this Declaration, may file a Supplementary Declaration to that effect in the Office of the Judge of Probate of Shelby County, Alabama, and in the Office of the Judge of Probate of Jefferson County, Alabama. Such Supplementary Declaration may contain such complementary additions to and modifications of the Protective Covenants as the Association shall determine to be necessary or proper to reflect the different character, if any, of the additional property, provided they are not inconsistent with the general plan of this Declaration.

2.03 Withdrawals of Property. The Association may at any time or from time to time withdraw portions of the Property from this Declaration, provided only that the withdrawal of such portions of the Property shall not, without the joinder or consent of the Owners of Lots constituting over one-half of the then existing Lots, increase by more than one-fourth the share of Association expenses payable by the Owners of Lots which would remain subject hereto after such withdrawal. The withdrawal of Property as aforesaid shall be evidenced by filing in the Office of the Judge of Probate of Shelby County, Alabama, and in the Office of the Judge of Probate of Jefferson County, Alabama, a Supplementary Declaration setting forth the portions of the Property to be so withdrawn.

2.04 Platting and Subdivision of the Property. The Developer shall be entitled at any time and from time to time, to subdivide, plat and/or re-plat all or any part of the Property, and to file subdivision restrictions and/or amendments thereto with respect to any undeveloped portion or portions of the Property.

Shelby
BOOK 209 PAGE 893

ARTICLE III

EASEMENTS

3.01 Owners' Easement With Respect To Common Areas. Every Owner shall have a right and easement of enjoyment in and to all Common Areas subject to the limitations set forth in this Declaration.

3.02 River and Lake Easement. Developer hereby reserves for the benefit of itself, the Association and the Owners an easement 30 feet in width and bounded on one side by Lake Highland for the use and enjoyment of Lake Highland, together with the natural landscape included in said easement. No fence, wall, hedge or shrub planting which would interfere with the use of the property covered by said easement shall be placed or permitted to remain on any Lot. No tree four (4) inches or more in diameter measured at a point two (2) feet above the average height of the ground at the base, nor any shrub or dogwood tree of any size may be removed from this easement area without the specific prior approval of the Association. Violation of this covenant shall be subject to a liquidated damage sum of \$40.00 per inch of diameter measured as hereinbefore specified for each tree, \$20.00 for each shrub and \$100.00 for each dogwood tree removed without the specified authorization, except the maximum liquidated damages shall not exceed \$2,000.00 for any Lot. The recovery of such liquidated damages shall be available to Developer and/or Association and their successors and assigns, with such damages constituting a lien upon such violating Lot, enforceable in accordance with Section 4.10 of this Declaration. Developer reserves the right for itself and the Association to make selected plantings of trees and other vegetation within the easements herein described in order to establish and maintain a buffered relationship between the river and lake and residential uses as herein intended. Developer hereby covenants to provide the Owner of any Lot with a description of the work to be done at least fourteen (14) days in advance of the actual work so that the mutual interest and desires of the Owner and Developer may be properly coordinated.

3.03 Flowage Easement. Every Lot in the Property that abuts on or lies contiguous to a river, lake, pond, stream or water way, natural or artificial, shall be subject to an inundation or a flowage easement to an elevation above mean sea level as established by the United States Coast and Geodetic Survey, as adjusted in January, 1955.

Drainage flow shall not be obstructed or diverted from drainage swales, storm sewers and/or utility easements as designated herein, or as may hereafter appear on any plat of record in which reference is made to these Protective Covenants.

Shelby
BOOK 209 PAGE 894

Developer or the Association may cut drainways for surface water wherever and whenever such action may appear to Developer or the Association to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health and appearance. Except as provided herein, existing drainage shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot or Lots or Common Areas. The provisions hereof shall not be construed to impose any obligation upon Developer or the Association to cut such drainway.

No permanent structure may be constructed or placed in such flowage easement area. Each Lot owner also agrees, by acceptance of a deed to a Lot, to assume, as against Developer, all the risks and hazards of ownership or occupancy attendant to such Lots, including but not limited to its proximity to waterways.

3.04 Utility Easement. Developer reserves for itself, and the Association the right to use, dedicate and/or convey to the State of Alabama, to Jefferson County or Shelby County, and/or to the appropriate utility company or other companies, rights-of-way or easements on, over or under the ground to erect, maintain and use utilities, electric and telephone poles, wires, cables, cable television, conduits, storm sewers, sanitary sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas sewer, water, or other public conveniences or utilities, on, in and over strips of land ten (10) feet in width along the rear property line of each Lot, and ten (10) feet in width along each side line of each Lot; with a further easement reserved to cut or fill a 3-in-1 slope along the boundaries of all public streets or roads built in the Property. Developer, further reserves for itself, and the Association, an easement for the installation or maintenance of radio and television cables within the rights-of-way and easement areas referred to in this Article III.

3.05 Additional Easements. Developer reserves the right to impose further restrictions and to reserve, grant or dedicate additional easements and roadway rights-of-way on any unsold Lots in the Property.

3.06 Additional Documents. All Owners shall be required to execute such other documents as are necessary or convenient to effectuate the intent of this Declaration with respect to all easements which may be created pursuant to this Article III.

3.07 Limitations. Any easements which may be created pursuant to this Article III shall be appurtenant to, and the

Shelby
BOOK 209 PAGE 895

benefits and burdens thereof shall pass along with the title to, every Lot and are further subject to the following limitations:

(a) All provisions of this Declaration and the Articles and By-Laws of the Association;

(b) All the rules and regulations governing the use and enjoyment of the Common Areas which may have been or may hereafter be adopted by the Association; and

(c) All restrictions contained on any and all plats of all or any part of the Common Areas or any other part or parts of the Property.

Shelly
BOOK 209 PAGE 896

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

4.01 Affirmative Covenant to Pay Assessments. Each Owner, by acceptance of a deed or other instrument of conveyance for a Lot, whether or not it shall be so expressed in any such deed or other instrument, including any purchaser at a judicial sale, shall be obligated and hereby covenants and agrees to pay to the Association, in the manner set forth herein, all assessments or other charges, determined in accordance with the provisions of this Declaration (the "Assessments").

4.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the preservation of the appearance, value and amenities of the Property, and in particular for the improvement, preservation, maintenance and administration of the Common Areas (including, without limitation, the payment of Common Expenses under Article V below) and of any easement in favor of the Association and/or the Owners, as well as for such other purposes as are properly undertaken by the Association.

4.03 Annual Assessments. The Association shall levy Annual Assessments in such amounts as are necessary to meet the Common Expenses (as defined in Article V below) and such other recurring or projected expenses as the Board of Directors of the Association (the "Board") may deem appropriate. The Assessment year for the Annual Assessment need not be the calendar year.

4.04 Special Assessments. In addition to the Annual Assessments specified in Section 4.03 above, the Association may at any time levy one or more Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or expected or unexpected repair to or

replacement of any of the Common Areas, including any fixtures and personal property related thereto.

4.05 Duties of the Board of Directors. The Board shall fix the amount of all Assessments, the date of commencement for each Assessment, and the due date of such Assessment, on a per Lot basis, at least thirty (30) days in advance of any such commencement date, and shall at that time, prepare a roster of the Lots and Assessments applicable thereto, which roster shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the amount of the Assessment, the commencement and due dates shall be sent to every Owner subject thereto not later than seven (7) days after fixing the date of commencement.

4.06 Date of Commencement and Due Date For Assessments. The liability of a Lot for any Assessment shall commence on the date or dates (which shall be the first day of a month) fixed by the Board in the resolution authorizing such Assessment. The due date of any such Assessment (which may be different from the commencement date) shall also be fixed in the resolution authorizing such Assessment (but which need not be the first day of a month). Such Assessments shall be payable in advance in monthly, quarterly, semi-annual or annual installments, as so fixed in the resolution authorizing the Assessment.

4.07 Allocation of Assessment. The Board shall allocate a portion of each Assessment to each Lot in the proportion that each Lot bears to the total number of Lots within the Property (to the nearest one-thousandth).

4.08 Certificates Concerning Assessments. The Association shall, upon demand at any time, furnish to any Owner liable for any Assessment or his designee a certificate in writing signed by an Officer of the Association, setting forth whether said Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

4.09 Liability of Owners for Assessments.

(a) No Owner may exempt himself from liability for any Assessment levied against his Lot by waiver of the use or enjoyment of any of the Common Areas, or by abandonment of the Lot or in any other manner except as provided in subparagraph (b) below.

(b) In the event that the Association elects to make certain Common Areas available for use by Owners on an optional basis, then any Assessment for Common Expenses attributable to such Common Area shall be assessed against and allocated among

the Owners who affirmatively elect to use such Common Area in the manner prescribed by the Board of Directors of the Association and those Owners who do not affirmatively elect to use such Common Area shall not be liable for any assessment for Common Expenses attributable to such Common Area. Unless otherwise agreed to in writing, an Owner may elect to discontinue his use of those Common Areas made available to Owners on an optional basis at any time by delivery of written notice to the Association in which event the Owner shall have no liability for any further liability for Assessments for Common Expenses with respect to such Common Areas effective on the first day of the first calendar month commencing not less than thirty (30) days after deliver of such notice.

4.10 Effect of Non-Payment of Assessments: The Lien, the Personal Obligation; Remedies of the Association.

(a) If any Assessment or other charge or lien provided for herein is not paid in full on the due date set by the Board, then such Assessment, charge or lien shall become delinquent on the thirtieth day thereafter, and together with interest thereon and cost of collection thereof as are hereinafter provided thereupon become a continuing lien on the Lot encumbered thereby, and also the personal obligation of its Owner, his heirs, and his or its successors and/or assigns. The personal obligation of any Owner to pay such Assessment, however, shall remain his or its personal obligation and shall not pass to any successors or assigns unless expressly assumed by them.

(b) If any Assessment is not paid within thirty (30) days after the delinquency date, the Assessment shall bear interest from the date of delinquency at eight percent (8%) per annum, and the Association may bring an action against the Owner personally obligated to pay the same and/or commence the foreclosure of the aforesaid lien against the Lot in like manner as a foreclosure of a mortgage on real property under the laws of the State of Alabama, and there shall be added to the amount of such Assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include the interest on the Assessment as above provided and reasonable attorneys' fees to be fixed by the court together with the costs of the action. The lien granted to the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien. Any person (except an Institutional Mortgagee) who shall acquire, by whatever means, any interest in the ownership of any Lot, or who may be given or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to the Association and shall

Shelley
BOOK 209 PAGE 898

acquire his interest in any Lot expressly subject to any such lien of the Association.

(c) The lien herein granted to the Association shall be perfected by recording a Claim of Lien in the Office of the Judge of Probate of Shelby County, Alabama, or the Office of the Judge of Probate of Jefferson County, Alabama, depending upon the location of the Lot, stating the description of the Lot encumbered thereby, the name of its Owner, the amount due and the date when due. The lien shall continue in effect until all sums secured by it, as herein provided, shall have been fully paid. Such Claim of Lien shall include only Assessments which are due and payable when the Claim of Lien is recorded, plus interest, costs, attorneys' fees and advances to pay taxes, prior encumbrances and other proper charges together with interest thereon, all as provided herein. Such Claim of Lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such Claim of Lien, the same shall be satisfied of record. No sale or other transfer of a Lot shall relieve any Owner from liability for any Assessment due before such sale or transfer, nor from the lien of any such Assessment. The written opinion of an officer of the Association that any lien is subordinate to any given mortgage shall be deemed to be dispositive of that issue.

(d) The lien of any Assessments shall be subordinate to the lien of any Institutional Mortgagee bearing a recording date in the Office of the Judge of Probate of Shelby County, Alabama, or the Office of the Judge of Probate of Jefferson County, Alabama, depending upon the location of the Lot, prior to the date of recording the Association's Claim of Lien. Where an Institutional Mortgagee obtains title to a Lot as a result of foreclosure of its mortgage or where any Institutional Mortgagee or its designee accepts a deed to a Lot in lieu of foreclosure, such acquiror of title, its successors and assigns, shall not be liable for any Assessment pertaining to such Lot or chargeable to the former Owner which became due prior to the acquisition of title to such Lot, unless such delinquent Assessment was secured by a Claim of Lien recorded prior to the recordation of the Institutional Mortgagee's mortgage. Such unpaid Assessments shall be instead collectible from all Owners. Nothing herein contained shall be construed as releasing the party liable for such delinquent Assessments from the payment thereof or liability for the enforcement or collection thereof by means other than foreclosure.

(e) Any person who acquires an interest in a Lot, except an Institutional Mortgagee as specifically provided above, including, but not limited to, persons acquiring title by operation of law or at a judicial sale, shall not be entitled to occupancy of the Lot or the use or enjoyment of the Common Areas

Shelby
BOOK 209 PAGE 899

until such time as all unpaid Assessments due and owing by the former Owner have been paid in full. Any party who has a contract to purchase a Lot, or who has made application for a loan secured by a mortgage on said Lot, may, by written request, inquire of the Association whether the Lot is subject to any Assessments which are due and payable and the Association shall give the requesting party a written response within ten (10) days of such inquiry providing information as to the status of Assessments on said Lot. The party making such request may rely on the information set forth in such response and the facts stated therein shall be binding upon the Association.

(f) The Association shall have the right to assign its Claim of Lien, and any other lien rights provided for in this Article IV, for the recovery of any unpaid Assessments, to the Developer, to any Owner or group of Owners, or to any third party.

4.11 Exempt Property. The Board shall have the right to exempt any portion of the Property from the Assessments, charge and lien created herein provided that such part of the Property exempted is used (and as long as it is used) for any of the following purposes:

(a) As an easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;

(b) As a Common Area as defined in Section 1.02 hereof;

(c) As Property exempted from ad valorem taxation by the laws of the State of Alabama, to the extent agreed to by the Association.

ARTICLE V

COMMON EXPENSES

The following are certain expenses with respect to the Common Areas which are hereby declared to be Common Expenses which the Association is obligated to collect by Assessment and which Owners are obligated to pay as provided in Article IV hereof. The enumeration below of these expenses shall in no way limit the Association from considering other expenses incurred in managing the Association or any part of the Common Areas and/or the Property as expenses subject to collection by Assessment.

5.01 Maintenance and Repair of Common Areas. The cost and expense to keep and maintain the Common Areas in good and substantial repair and in a clean, attractive, and sanitary condition, if any, including the charges in Section 7.05 of this Declaration.

5.02 Management. The cost and expense of such (i) employees or agents, including professional management agents, accountants and attorneys, and (ii) materials, supplies and equipment as may be needed to provide for the management, supervision and maintenance of the Common Areas.

5.03 Master Associations. Dues, assessments, or other charges payable by the Association to any Master Association in which it is a member or participant.

5.04 Property Taxes. All ad valorem taxes and other assessments relating and connected to the Common Areas.

5.05 Reserves. Any reserves which may be established from time to time to pay for Common Expenses which may be incurred in the future.

5.06 Fidelity and Directors' Insurance. Fidelity and Directors' Insurance covering all directors, officers and employees of the Association and all managing agents who handle Association funds, if any.

5.07 Interested Transactions. The Association may obtain materials and/or services from the Developer and/or any of its Affiliates in connection with the management of the Association or any part of the Common Areas as herein contemplated; provided that the compensation for such materials and/or services is, in the opinion of the Association, comparable with the compensation of any non-affiliated third party providing similar materials and/or services which can be reasonably made available to the Association.

5.08 Enforcement of Declaration and Rules and Regulations. All fees, costs and expenses, including attorneys' fees through all appellate levels, in connection with the Association's duty to enforce all of the Protective Covenants and other terms contained in or imposed by this Declaration, and all rules and regulations adopted pursuant to the Articles, the By-Laws or this Declaration.

Shelby
BOOK 209 PAGE 901

ARTICLE VI

ARCHITECTURAL CONTROL

6.01 Architectural Review and Approval. All plans and specifications for any structure or improvement whatsoever to be erected on or moved upon any Lot, and the proposed location thereof on any Lot the construction material, exterior paint and finishes, the roofs, landscaping, and later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations or additions thereto on any Lot shall be subject to and shall require the approval in writing (the "Letter of Approval") of the Association before any work is commenced. THE SCOPE OF REVIEW BY THE ASSOCIATION SHALL BE LIMITED TO APPEARANCE ONLY AND SHALL NOT INCLUDE ANY RESPONSIBILITY OR AUTHORITY TO REVIEW FOR STRUCTURAL SOUNDNESS, COMPLIANCE WITH BUILDING OR ZONING CODES OR STANDARDS, OR ANY OTHER SIMILAR OR DISSIMILAR FACTORS. Commencement of construction prior to a receipt of a Letter of Approval of the Association, a copy of which must be signed by the Builder, or Owner, and returned to the Association for retention, is strictly prohibited.

6.02 Architectural Control Committee.

(a) The architectural review and control functions of the Association shall be administered and performed by the Architectural Control Committee (the "Committee"). The Committee shall be composed of not less than three (3) members, and at all times, regardless of the number on the Committee, at least two-thirds (2/3) of the membership of the Committee shall be composed of Owners of Lots in the Property. Provided, however, that Developer reserves the right to appoint the initial and successor members of the Committee, none of whom need be an Owner of a Lot in the Property, until the Developer no longer owns any Lots within the Property, or until Developer elects to terminate its control of the Committee, whichever shall first occur. After terminating control of the Committee by Developer, as aforesaid, the members of the Committee shall be appointed by, and shall serve at the pleasure of, the Board of Directors of the Association.

(b) The vote or written consent of a majority of the members of the Committee shall be the act of the Committee; provided that a majority of the members of the Committee may delegate the right to act for and on behalf of the Committee to one or more of its members.

(c) The members of the Committee shall not be entitled to any compensation for services performed pursuant to these Protective Covenants.

Shelby
BOOK 209 PAGE 902

6.03 Powers and Duties of the Committee. The primary authority of the Committee shall be to examine and approve or disapprove all initial and subsequent plans, including site plans, for construction of improvements on Lots within the Property in accordance with the provisions of these Protective Covenants. The Committee shall have the following powers and duties:

(a) To approve of an Owners' selection of a builder or contractor; provided that the Committee may not disapprove a builder or contractor unless, in the Committee's opinion, such builder or contractor has a history in Inverness of non-compliance with rules and regulations applicable to builders or contractors in its subdivisions, and such builder or contractor has failed to provide the Committee adequate assurance that it will comply with the requirements of these Protective Covenants and any rules and regulations promulgated under the authority herein vested and/or reserved in the Developer, the Association, or the Committee.

(b) To require submission to the Committee of plans and specifications for any improvement or structure of any kind, and any change, modification or alteration thereof, including, without limitation, any such improvement or change to any building, fence, wall, sign, lighting system, site paving, grading, screen enclosure, sewer, drain, disposal system, landscaping or landscape device or object, the construction or placement of which is or is proposed upon any Lot or the Property. Such plans and specifications shall be in such form and shall contain such information as is required in Section 6.04 hereof.

(c) To approve or disapprove the submitted plans and specifications for any improvement or structure as hereinabove described prior to commencement of construction of such improvement or structure and to approve or disapprove any improvements constructed pursuant to such plans and specifications after the same have been fully completed. In the event that the Committee shall fail, for a period of ten (10) business days from the date of receipt of a fully completed submission of any plans and specifications, to approve or disapprove any builder or contractor and/or any plans or specifications submitted to it for approval, the same shall be deemed to have been approved. Prior to the use or occupancy of any improvement or structure constructed or erected on any Lot, the Owner thereof shall apply for certification from the Committee that the construction thereof has been completed in accordance with the plans and specifications approved by the Committee. In the event that the Committee shall fail, for a period of ten (10) business days from the date of receipt of such application, to give or deny such certification, the same shall

Shelly
BOOK 209 PAGE 903

be deemed to have been given. If any improvement or structure as aforesaid shall be completed, changed, modified or altered without the prior approval of the Committee, or shall not be completed, changed, modified or altered in accordance with the approvals granted by the Committee, then the Owner shall, upon and in accordance with a demand by the Committee, cause the property, improvement or structure either to be restored to its original condition or to comply with the plans and specifications as approved by the Committee, and shall bear all costs and expenses of such restoration or compliance, including the costs and reasonable attorneys' fees of the Committee. Notwithstanding the aforesaid, after the expiration of one year from the date of final completion of any such improvement or structure, such improvement or structure shall be deemed to comply with all of the provisions hereof unless notice to the contrary shall have been recorded in the office of the Judge of Probate of Shelby County or Jefferson County, Alabama (depending upon the location of the Lot), or legal proceedings shall have been instituted to enforce such compliance. Any agent or member of the Committee may at any reasonable time enter any building or property subject to the jurisdiction of the Committee which is under construction or on or in which the agent or member may believe that a violation of the Protective Covenants in this Declaration is occurring or has occurred. The Committee may, from time to time, delegate to a person or persons, who may or may not be a member of the Committee, the right to approve or disapprove plans and specifications and to issue such certification. The approval by the Committee of the builder or contractor and/or plans and specifications submitted for its approval, as herein specified, shall not be deemed to be a waiver by the Committee of the right to object to such builder or contractor and/or any of the features or elements embodied in such plans or specifications if and when the same builder or contractor and/or the same features and elements are embodied in any plans and specifications subsequently submitted for approval for other Lots. Any Owner aggrieved by a decision of the Committee shall have the right to make a written request to the Board of Directors of the Association (the "Board"), within thirty (30) days of such decision, for a review thereof. The determination of the Board, after reviewing any such decision, shall in all events be dispositive.

Shelby
BOOK 200 PAGE 304

(d) To adopt fees which shall be designed to reimburse the Association for the necessary and reasonable costs incurred by it in processing requests for Committee approval of any matters under its jurisdiction. Such fees, if any, shall be payable to the Association, in cash, at the time that any application for approval is sought from the Committee. In the event such fees are not paid by the Owner, they shall become a lien of the Association on the affected Lot enforceable in the manner specified in Article IV hereof.

(e) To modify, amend, add to, or otherwise change the design criteria set forth in Section 6.05 below, so long as such modification, amendment, addition or change will not, in the opinion of the Committee, be inconsistent with a traditional architectural environment or have a material adverse effect on improvements then existing within the Property.

6.04 Review Documents. One set of prints of the drawings and specifications (herein referred to as "Plans") for each house or other structure proposed to be constructed on each Lot shall be submitted for review and approval or disapproval by the Committee. The Plans submitted to the Committee shall be retained by the Committee. Said Plans should be delivered to the general office of Inverness or to the office of the administration agent designated to service the Committee at least twelve (12) business days prior to the date construction is scheduled to commence. Each such plan must include the following:

(a) All Plans for structures shall be not less than one-eighth (1/8) inch = one (1) foot scale.

(b) All Plans must take into consideration the particular topographic and vegetative characteristics of the Lot or Lots involved.

(c) All Plans must state the elevations of all sides of the proposed structure as such sides will be after finished grading has been accomplished.

(d) The foundation and floor Plans shall show the existing grade on each elevation in order that the extent of cut and/or fill areas may be easily and clearly determined.

(e) The site plans shall show all existing and planned improvements, outlines, setbacks, easements of record, all trees over six (6) inches in diameter as measured two (2) feet above ground and the species thereof, drives, fences, and underground trench locations at a scale of one (1) inch = twenty (20) feet. No work may commence until the site plan is approved.

(f) All Plans must include a summary specifications list on a form designated by the Committee of proposed materials and samples of exterior materials, including paint or other finish samples, which cannot be adequately described.

(g) After the Plans for the structure are approved, the house or other structure must be staked out and such siting approved by the Committee before tree cutting or grading is done. No work may commence until both the plan and the siting are approved by the Committee.

Shelby
BOOK 200 PAGE 905

6.05 Design Criteria, Structure.

(a) It is the intent of Developer that Inverness Point, subdivision of Inverness, will generally present a traditional architectural environment. The following types of exterior materials, among others, are acceptable, subject to final approval of the actual appearance of such materials by the Committee:

(i) Brick, painted or natural.

(ii) Stone.

(iii) Stucco or Dryvit, Sto, or similar synthetic stucco exterior systems.

(iv) Natural-colored asphalt shingles or slate roofing. White roofing of any material is not acceptable.

(v) Paint, in soft tones (which shall not include, among other colors, any high gloss finishes, or pure red).

(vi) The Committee shall also consider the occasional use of vertical or horizontal wood siding, stained or bleached, but such materials shall be approved only in those instances where, in the sole opinion of the Committee, the materials blend in with other houses constructed or planned in the general proximity.

(b) Exterior materials shall be uniform on all sides of a residence.

(c) Openings of garages should not be visible from the street. In cases where it is unavoidable and openings of garages are visible or partially visible from a street, electric automatic door closers shall be used. No open garage is to face a neighboring yard without screening approved by the Committee.

(d) No window air conditioning units shall be allowed.

(e) All energy requirements of the Property shall be initially provided by the electrical utility provider serving the Property which will require that heating and air conditioning systems, stoves, hot water heaters, dryers, and other appliances installed within the improvements constructed on a Lot be designed to operate exclusively using electricity as their respective sources of energy. Electrical distribution shall be underground and no overhead electrical wiring shall be permitted.

Shelley
BOOK 209 PAGE 906

(f) All outside radio and T.V. antennas shall be installed in such a way as not to be offensive from the main road and shall be placed on the back side of the chimney where possible; otherwise they shall be placed on the back side of the roof. No satellite dishes will be permitted.

(g) No plumbing or heating vent shall be placed on the front side of the roof. All vents protruding from roofs shall be painted the same color as the roof covering.

(h) Swimming pools will be permitted. However, fencing of swimming pool areas must be within approved setback lines.

(i) Dust abatement and erosion control measures shall be provided by the builder, contractor or Owner in all stages of construction.

(j) Where possible, brick or stone curved walkways are encouraged. Curved driveways are preferred and the driveway surface must be paved or the surface approved. Concrete is preferred and suggested for driveways. Asphalt will generally not be approved.

(k) All chimneys will be required to have finished caps of the basic exterior finish material (e.g., brick, stone, etc.) or will be required to have a fabricated metal cap of a color and design acceptable to the Committee.

(l) ALL MAILBOXES SHALL BE CONSTRUCTED AND LOCATED ACCORDING TO PLANS AND SPECIFICATIONS PROVIDED BY DEVELOPER. Developer reserves the right to specify a certain style and design of a mailbox to be purchased and installed by the builder, contractor or Owner. Brick, stucco, stone or similar column mailboxes will not be acceptable.

(m) All houses shall have an outside electric light located at the intersection of the driveway and the street. All such lights shall be operated by a photo-electric cell so as to automatically turn on at dusk and turn off at dawn. ALL SUCH LIGHTS AND POLES SHALL BE CONSTRUCTED AND LOCATED ACCORDING TO PLANS AND SPECIFICATIONS PROVIDED BY DEVELOPER. Developer reserves the right to specify a certain style and design of light and pole to be purchased and installed by the builder, contractor or Owner.

(n) Since the establishment of inflexible building setback lines for location of houses on Lots tends to force construction of houses, both directly behind and directly beside other homes with detrimental effects on privacy, view, and preservation of specimen trees, no specific setback lines are

Sally
BOOK 209 PAGE 907

established by these restrictions. In order to assure that locations of houses will be staggered where practical and appropriate, so that the maximum amount of view and breeze will be available to each house and that the structures will be located with regard to the topography of each individual Lot, the Committee reserves the right to control absolutely and to solely decide the precise site and location of any houses or other structure upon all Lots in the Property. Such location shall be determined only after reasonable opportunity is afforded the Owner of a Lot to recommend a specific site. Notwithstanding any provision of this Section 6.05(n), the Committee shall consider the following guidelines in establishing building set back lines: (i) no house or building shall be placed nor shall any material or refuse be stored on any Lot within fifty (50) feet from the back of the valley gutter(s) adjacent to the Lot, or within thirty (30) feet of the property line of any lake, park or common recreational area; (ii) no house or impervious surface shall be constructed on any of the following Lots bounded in part by the Cahaba River within the following setback requirements (measured in each case from the bank of the river): Lots 15 and 16 - 70 feet; Lots 26, 27, 28 and 29 - 130 feet; Lots 25, 30, 31, 32, 33, 34 and 35 - 150 feet each. Developer reserves the right to establish specific setback lines applicable to any unsold Lots in the Property.

Shelby
BOOK 209 PAGE 908

(o) The Committee shall require each Lot bounded by the Cahaba River to have a natural buffer adjacent to the bank of the river and shall use the following guidelines in establishing natural buffer setback lines (measured from the bank of the river): Lots 15, 25, 30, 31, 32, 33, 34 and 35 - 50 feet; and Lots 16, 26, 27, 28 and 29 - 70 feet. No disturbance of the natural landscape shall be permitted within the natural buffer setback lines.

(p) There shall be no silver finish metal doors (including glass sliding doors) or silver finish metal windows of any kind; however, a factory painted or dark anodized finish metal may be used. The color of such finish must be approved by the Committee.

(q) Chain link, wire, or metal fences of any type may not be used for any purpose. All fences, including fences for backyards, swimming pools, dog pens, gardens, or for any other purpose must be approved by the Committee prior to construction. No fence of any kind shall be permitted in the front yard of any Lot, or on the rear of any Lot (except for fences immediately surrounding a swimming pool) which has a rear lot line adjacent to a lake, park or common recreational area. Lots which have a rear lot line on the Cahaba River will not be permitted to have fences within the natural buffer setback lines set forth in subparagraph (o) above. In addition, no prominent structure

shall be permitted (i) on the rear thirty-five (35) feet of any Lot which has a rear lot line adjacent to a lake or common recreational area or (ii) within the building setback lines set forth in subparagraph (n) with respect to any Lot bounded by the Cahaba River.

(r) There shall be no signs nailed to trees at any time. All builders' or contractors' signs are to be removed from the Lot after the house has been completed.

(s) All proposed exterior redecorating, including painting, must be approved by the Committee.

(t) Drainage of surface water, storm water, and/or foundation drains may not be connected to sanitary sewers. Existing drainage shall not be altered in any manner, and specifically shall not be altered in such a manner as to divert the flow of water onto an adjacent Lot or Lots or onto common recreational areas.

(u) No outside clothes lines shall be permitted.

(v) Exterior liquified fuel storage containers shall be permitted, but such containers must be screened with materials acceptable to, and in a manner approved by the ARB so as not to be visible from the street, from adjoining Lots, or from common recreational areas, lakes, parks, or rivers. THE SCOPE OF REVIEW BY THE COMMITTEE SHALL BE LIMITED TO APPEARANCE ONLY AND SHALL NOT INCLUDE ANY RESPONSIBILITY OR AUTHORITY TO REVIEW FOR STRUCTURAL SOUNDNESS, COMPLIANCE WITH BUILDING OR ZONING CODES OR STANDARDS, SAFETY CONSIDERATIONS, OR ANY OTHER SIMILAR OR DISSIMILAR FACTORS.

Spelling
BOOK 209 PAGE 909

6.06 Limitation of Liabilities. Neither the Committee nor any architect nor agent thereof, nor Developer, shall be responsible in any way for any defects in any Plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such Plans and specifications. It is specifically agreed that the scope of review by the Committee shall be limited to appearance only and shall not include any responsibility or authority to review for structural soundness, compliance with building or zoning codes or standards, or any other similar or dissimilar factors. Neither the Committee, nor any member thereof, shall be liable to any Owner for any action taken, or omitted to be taken by the Committee or the individual members thereof in the performance of their respective duties hereunder.

6.07 Exclusive Residential Use And Improvements.

(a) All Lots in the Property shall be known and described as residential Lots and shall be used for single family residential purposes exclusively and no Lot shall be subdivided so as to increase the number of Lots in the Property unless permitted under Section 2.04 hereof. No structure, except as otherwise provided, shall be erected, altered, placed or permitted to remain on any Lot other than one detached single family residence dwelling not to exceed three stories, including the basement as a story, and a private garage for not more than three (3) cars. This shall not prohibit the construction of one residence upon two (2) or more Lots.

(b) Except as otherwise provided, every dwelling building erected on any Lot in the Property, exclusive of one-story open porches, garages, carports and other unairconditioned, unfinished spaces, shall each have not less than 3,000 square feet of enclosed, heated, habitable areas. The first or main floor area of each such dwelling building, exclusive of one-story open porches, garages, carports and finished basements, shall be not less than 3,000 square feet in the case of a one-story structure and not less than 1,800 square feet in the case of one and one-half, two, and two and one-half story structures.

(c) No more than a single family unit shall occupy any dwelling house. Detached auxiliary buildings are not permitted without prior written approval of the Committee. All dwellings must be built within the building lines shown on the recorded plat for the Property.

6.08 Subsurface Conditions.

(a) The Property is located in an area which may include sinkholes and subsurface conditions which may result in sinkholes. Approval of the submitted Plans by the Committee as herein provided shall not be construed in any respect as a representation or warranty of the Committee and/or the Developer to the Owner submitting such Plans, or successors or assigns of such Owner, that the surface or subsurface conditions of the Lot are suitable for the construction of the improvements contemplated by such Plans. It shall be the sole responsibility of the Owner to determine the suitability and adequacy of the surface and subsurface conditions of the Lot for the construction of any and all structures and other improvements thereon.

(b) Neither the Committee and its individual members, nor the Developer and its partners, agents, and employees and the officers, directors, agents, and employees of its partners, shall

Shelby
BOOK 209 PAGE 910

be liable to any Owner, or the successors, assigns, licensees, lessees, employees and agents of any Owner, for loss or damage on improvements, or structures now or hereafter located upon the Property, or on account of injuries to any Owner, occupant, or other person in or upon the Property, which are caused by, or conditions, known or unknown (including, without limitation, sinkholes, underground mines, and limestone formations), under or on the Property.

6.09 Variance Requests. The Committee, in its discretion, shall have the authority to modify the requirements of Sections 6.05 and 6.07 of this Article VI upon the request for a variance from such requirements by an Owner with respect to his Lot. If the Committee grants a requested variance, the nonconforming improvements subject to said request shall not be deemed to be in violation of these covenants.

ARTICLE VII

RESTRICTIONS ON USE

7.01 Lakes. All lakes are specifically restricted in use to sailboats and boats with electric trolling motors, canoes, paddle boats, and row boats.

7.02 Maintenance.

(a) It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on such Lot which shall tend to decrease the beauty of the specific area or of the neighborhood as a whole.

(b) All Lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in a neat and attractive condition and in such manner as to prevent their becoming unsightly by reason of unattractive growth on such Lot or the accumulation of rubbish or debris thereon. In order to implement effective control of this item, Developer reserves for itself, its agents and the Association, the right, after ten (10) days' notice to any Owner of a Lot, to enter upon such Lot with such equipment and devices as may be necessary for the purpose of mowing, removing, clearing, or cutting underbrush, weeds or other unsightly growth and trash which in the opinion of the Developer or the Association detracts from the overall beauty and safety of the Property. Such entrance upon such property for such purposes shall be only between the hours of 7:00 a.m. and 6:00 p.m. on any day except Sunday and shall not be a trespass. Developer or the Association may charge the Owner a reasonable cost for such services, which charge shall constitute a lien upon

such Lot enforceable in accordance with Section 4.10 of this Declaration. The provisions of this section shall not be construed as an obligation on the part of Developer or the Association to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

(c) All maintenance for the Common Areas will be the responsibility of the Association. Maintenance to be provided by the Association includes, but is not limited to, pool and tennis court maintenance and repair, maintenance and repair of the clubhouse and related facilities, maintenance of all landscaping and grassed areas and generally maintenance or repair of any kind whatsoever of any areas within the Property which are not the responsibility of a governmental authority or a specific Owner. Notwithstanding anything within this Declaration to the contrary, so long as Developer owns any Lots within the Property, Developer reserves the right to provide or contract to provide for all such maintenance services for the benefit of the Association and to bill the Association for the cost of such services not more frequently than quarterly. In the event Developer uses its own grounds or maintenance crews for such services, the price for such services will be the customary charges Developer makes to other tenants or residents of Inverness for similar services.

(d) During construction, all vehicles, including those delivering supplies, must enter a Lot's building site only on driveways approved by the Committee and such vehicles must be parked on the Lot where the construction is underway so as to not unnecessarily damage trees, street paving and curbs. The Association shall have the right to repair any damage not repaired after ten (10) days written notice and to charge the Owner a reasonable cost for such repair, which charges shall constitute a lien upon such Lot enforceable in accordance with Section 4.10 of this Declaration.

(e) During construction, the Owner must keep homes and garages clean and yards cut. All building debris, stumps, trees, etc., must be removed from each Lot by the builder or contractor as often as necessary to keep the Lot attractive. Such debris shall not be dumped in any area of Inverness.

7.03 Animals. Subject to the Association's sole discretion, no animals, livestock or poultry of any kind or description except the usual household pets shall be kept on any Lot; provided, however, that no household pet may be kept on any Lot for breeding or commercial purposes; provided further, that any household pets must be kept on a leash when permitted to be outside.

7.04 Nuisance. No noxious, offensive or illegal activities shall be carried on upon any Lot nor shall anything be

Book 209 PAGE 912
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done on any Lot which may be or may become an annoyance or nuisance to the neighborhood. No commercial activity shall be carried on on any Lot.

7.05 Minerals. No oil or natural gas drilling, refining, quarrying or mining operations of any kind shall be permitted upon any Lot and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted on any Lot nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot.

7.06 Garbage. No trash, garbage or other refuse shall be dumped, stored or accumulated on any Lot. Trash, garbage or other waste shall not be kept on any Lot except in sanitary containers or garbage compactor units. Garbage containers, if any, shall be kept in a clean and sanitary condition, and shall be so placed or screened by shrubbery or other appropriate material approved in writing by the Committee as not to be visible from any road, waterway, or Common Area within sight distance of the Lot at any time. All garbage shall be picked up in the rear of the house on a Lot, and no garbage containers shall be placed or left for pick-up in the street or otherwise in a place that is visible from any road, waterway or Common Area. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted. The Owner of each Lot shall contract with the authorized agent in Shelby or Jefferson County for the collection of trash, refuse and garbage.

7.07 Signs. All signs, billboards or advertising structures of any kind are prohibited except that (i) builder and contractor signs will be permitted during construction periods as authorized in Section 6.05(q) above, and (ii) one professional sign of not more than six (6) square feet will be permitted to advertise the Property for sale during sales periods. No sign shall be nailed or attached to trees. No "For Sale" sign shall be permitted on the rear of any Lot.

7.08 Temporary Structures. No structure of a temporary character, trailer, tent or shack shall be used at any time as a residence either temporarily or permanently. There shall be no occupancy of any dwelling until the interior and exterior of the dwelling are completed and a certificate, or other satisfactory evidence, of completion is received by and approved by the ARB.

7.09 Damaged Structures. Any dwelling or other structure on any Lot in the Property which may be destroyed in whole or in part for any reason must be rebuilt within one (1) year. All debris must be removed and the Lot restored to a sightly condition with reasonable promptness, provided that in no event shall such debris remain on any Lot longer than sixty (60) days.

Shelby
BOOK 209 PAGE 913

7.10 Roadway Obstruction. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above any roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight-line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. Except as herein provided, no trees shall be permitted to remain within such distance of such intersections unless the foliage is maintained at sufficient height to prevent obstruction of such sight-lines. Any such tree or shrub of a rare or unusual species may be permitted to remain in place upon application to and written permission from the ARB and approval by the appropriate city, county or state official or department.

7.11 Boats, Trailers And Campers. No boat, boat trailer, house trailer, camper or similar equipment or vehicle shall be parked or stored on any road, street, driveway, yard or Lot located in the Property for any period of time in excess of twenty-four (24) hours except in garages. Also, no unkept or otherwise unattractive vehicle or piece of equipment may be parked or stored on any road, street, driveway, yard or Lot except in garages.

7.12 Trees. NO TREE HAVING A DIAMETER OF SIX (6) INCHES OR MORE (MEASURED FROM A POINT TWO FEET ABOVE GROUND LEVEL), NOR ANY FLOWERING TREES OR SHRUBS, SHALL BE REMOVED FROM ANY LOT AFTER COMPLETION OF CONSTRUCTION WITHOUT THE EXPRESS WRITTEN AUTHORIZATION OF THE COMMITTEE. If it shall deem it appropriate, the Committee may mark certain trees, regardless of size, as not removable without written authorization. The Committee is hereby authorized to come onto any Lot during reasonable hours for the purpose of inspecting or marking trees, and any such entry by the Committee or its agent(s) shall not be deemed as trespass or other wrongful act.

7.13 Firearms. There shall be no discharging of any type firearm or other weapon in the Property or any other area of the Inverness community.

7.14 Due Care. Each and every Owner and future Owner, in accepting a deed or contract for any Lot or Lots in the Property, whether from Developer or a subsequent Owner of such Lot, agrees, in connection with the construction of any improvements on such Lot or Lots, to exercise due care, and to assure that any builders or contractors of such Owner, or employees and subcontractors of such contractors, will exercise due care and

Shelby
BOOK 209 PAGE 914

will comply with any and all governmental rules, regulations, codes and ordinances relating to safety, so as to protect the safety and health of the public, and the safety and health of such Owner, his or her family, and any such builder or contractor and its employees and subcontractors.

7.15 Time Of Construction. Upon the commencement of construction of any building on a Lot, work thereon must be prosecuted diligently and continuously and must be completed within twelve (12) months from date of commencement of construction.

ARTICLE VIII

SEWAGE TREATMENT AND FIRE AND POLICE PROTECTION

8.01 Sewage. Individual sewage disposal systems shall not be permitted on any Lot unless (i) a central sanitary sewage system is not otherwise available, and (ii) any such individual sewage disposal system is first approved by Developer and all appropriate governmental agencies. The Developer currently provides a central sanitary sewage system to the Property. By accepting a deed to a Lot, the Owner of such Lot covenants and agrees to pay to Developer (the term "Developer" shall for purposes of this Section 8.01 also include the successors and assigns of Developer with respect to sewage system) its monthly or quarterly sewage treatment fees or charges to cover the cost of providing such service. In the event a governmental authority or agency assumes operation of the sewage treatment facility or function, such governmental authority or agency will set the rates, fees or charges for such service and any limitation contained in this Article VIII shall then be inapplicable. The sewage treatment fee shall be charged upon a Lot immediately upon tap-on to the central sanitary sewage system, regardless of whether the house constructed upon said Lot is then completed, sold, or occupied. The first monthly or quarterly sewage treatment fee (as prorated for the remainder of the current billing period) shall be due at the time of tap-on to the central sanitary sewage system, and charges shall thereafter be due at regular quarterly or other billing intervals as established by Developer. It is agreed that the sewage treatment fee shall be charged on the land and constitute a continuing lien upon the Lots enforceable in accordance with Section 4.10 of this Declaration. The Owner of each Lot covenants and agrees to install and maintain in good repair, at the expense of said Owner, the sanitary sewer service line on his Lot. Each of the Owners of Lot 1, Block 1; Lot 1, Block 3; Lot 1, Block 4; and Lots 22, 23, 24, 25, 26, 27, 32, 33, 34, 37, 38, 66, 67, 72, 73, 74 and 75, Block 4 within the Property further covenants and agrees to install and maintain in continuous operation, at the

Shelley
BOOK 209 PAGE 915

expense of said Owner, a submersible sewage grinder pump, basin, alarm and associated wiring, piping and equipment as specified by the Developer. The Developer shall establish rules and regulations for the installation and inspection of sanitary sewer service lines and pumping equipment. THE MATERIAL FOR SANITARY SEWER SERVICE LINES MUST BE APPROVED BY THE DEVELOPER AND POLY VINYL CHLORIDE (PVC) SEWER PIPE (SCHEDULE 40) AND FITTINGS ARE REQUIRED IN ALL SECTIONS OF THE PROPERTY (including specifically, a two-inch PVC Schedule 40 pressurized line to the street with solvent cemented joints meeting ASTM D 2855 for each Lot referred to above as requiring a submersible sewage grinder pump). Without limitation of other inspection rights, each Owner agrees to give written notice to the Developer within two (2) working days prior to its installation of the sanitary sewer service lines and pumping equipment, if any, and to permit such inspection and testing thereof by the Developer both before and after backfill as is required by the Developer. If any Owner fails to give the Developer notice of the installation of the sanitary sewer service lines and pumping equipment as provided herein, or fails to meet the Developer's specifications for materials and/or installation of such service lines or pumping equipment as provided herein, or fails to permit the testing specified above, then he shall be fined in the amount of \$750.00, such amount to constitute liquidated damages for the additional cost of inspecting the service lines after the work is completed, with such damages constituting a lien upon the Lot enforceable in accordance with Section 4.10 of this Declaration.

8.02 Fire. Fire protection is currently provided to the Inverness community, which includes the Property, by the North Shelby County Fire and Medical District. Each Owner of a Lot shall be responsible to pay a proportionate share of the cost of said protection for a fee which is established by said Fire District for individual dwelling protection. If an Owner shall fail to pay his fee for fire protection, the Association may, at its option, pay the fee for fire protection for such Owner's Lot directly to the North Shelby County Fire and Medical District in which event the Association shall have the right to require the Owner to pay an assessment in the amount paid by the Association for such fire protection and the payment of such assessment shall be enforceable in accordance with the provisions of Section 4.10 of this Declaration. If, at any future date, uniform community fire protection is provided by the Inverness community, or any subsequently established Master Association, then the Association shall pay a proportionate share of the cost of said protection as a Common Expense. DEVELOPER IS UNDER NO OBLIGATION TO PROVIDE FIRE PROTECTION SERVICE, OR TO ASSURE THAT SUCH FIRE PROTECTION SERVICE IS PROVIDED BY OTHERS.

8.03 Police. Police protection is currently provided to the Property by the Shelby County and Jefferson County Sheriff's

Shelby
BOOK 209 PAGE 916

Department. If, at any future date, uniform community security protection is provided by the Inverness community, or any subsequently established Master Association, then the Association shall pay a proportionate share of the cost of said protection as a Common Expense. NEITHER INVERNESS NOR DEVELOPER IS UNDER ANY OBLIGATION TO PROVIDE SECURITY SERVICE, OR TO ASSURE THAT SUCH SECURITY SERVICE IS PROVIDED BY OTHERS.

8.04 Fire Hydrants. The fire hydrants located in the Property are owned and maintained by The Water Works and Sewer Board of the City of Birmingham. A standard rental fee for such fire hydrants is currently being paid by the North Shelby County Fire and Medical District. In the event that the standard rental fee for such fire hydrants in the Property should cease to be paid by the North Shelby County Fire and Medical District or any other public corporation, authority or governmental agency, then, in such event, the Association shall pay a proportionate share of such standard rental fee as a Common Expense.

ARTICLE IX

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

9.01 Membership. Every Owner, including the Developer, shall, for so long as it is an Owner, at all times be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot. Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of either Shelby County or Jefferson County, Alabama (depending upon the location of the Lot) and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted), or upon such ownership interest being divested in some other manner.

9.02 Voting. Subject to the restrictions hereinafter set forth, each member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership. When one or more persons hold such interest, all such persons may be members, and the vote(s) for such Property shall be exercised in the manner set forth in the By-Laws, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot. There shall be no fractional voting. The votes of an Owner of more than one (1) Lot cannot be divided for any issue and must be voted as a whole. Except where otherwise required under the provisions of this Declaration, the Articles or the By-Laws, the affirmative vote of Owners who own a majority of the Lots which

Shelby
BOOK 209 PAGE 917

are represented at any meeting of members duly called, and at which a quorum is present, shall be binding upon the members. Voting may take place by proxy executed and delivered in the manner set forth in the By-Laws.

Notwithstanding the provisions of this Section 8.02, the Developer shall have the right to elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until such time as all Lots have been sold to Owners other than Developer, or the Developer elects, at its option, to terminate its control of the Association, whichever first occurs.

ARTICLE X

RIGHTS OF DEVELOPER

10.01 Reconveyance Option. Each Owner who purchases a Lot from the Developer, in accepting a deed or contract for said Lot agrees as follows:

(a) Such Owner shall (i) tender all required submissions to the Committee within eighteen (18) months after closing; and (ii) obtain a building permit for, and in good faith commence actual construction of an approved residence within twenty-four (24) months after the closing and, thereafter, (iii) proceed with due diligence to complete such construction. In the event an Owner shall fail to perform either of the obligations imposed under (i) or (ii) above within the applicable time periods specified therefor, the Developer shall have the option, exercisable by written notice to such Owner within thirty (30) months after closing and prior to the acquisition of a building permit, to repurchase the Lot from such Owner and such Owner shall sell and convey the Lot back to Developer for the price paid by Owner for such Lot. The closing of such transaction shall take place within three (3) months following delivery of such notice at Developer's office. The selling Owner shall convey to Developer fee simple title to the Lot by delivery of a general warranty deed, at the closing, free and clear of all liens, defects, encumbrances and other matters, except those in existence as of the date Owner acquired title to the Lot. Ad valorem real property taxes and any other charges, expenses or items which are customarily adjusted shall be so adjusted at such closing, as of midnight of the day preceding the date of such closing. The selling Owner shall pay the cost of recording the deed reconveying the Lot to Developer.

(b) No Owner shall cause or permit any transfer, sale or assignment of all or any part of any unimproved Lot, including any equitable or beneficial interest therein, voluntarily or by operation of law or otherwise or, whether by conveyance,

Shelby
BOOK 209 PAGE 918

exchange, merger, consolidation, or otherwise, without first giving written notice to Developer of its desire to sell such unimproved Lot. Such notice shall contain the name of the proposed purchaser and shall constitute an offer by such Owner to sell all of the unimproved Lot to Developer at a price equal to the purchase price paid by the Owner for such Lot. Developer may accept such offer by delivering notice of acceptance to such Owner not later than thirty (30) days following receipt of such Owner's notice constituting an offer to sell as set forth above. The closing of such transaction shall take place within thirty (30) days after the date of receipt by Owner of Developer's acceptance notice at Developer's office and shall otherwise be governed by the provisions set forth in Section 10.01(a) above. In the event that Developer shall fail to accept any offer as herein provided, such Owner shall thereafter have the right to sell the unimproved Lot to the purchaser set forth in the notice and offer to Developer, free and clear of any and all claims of Developer under these Protective Covenants.

10.02 Indemnification. Each and every Owner, in accepting a deed or contract for any Lot or Lots in the Property whether from Developer or a subsequent owner of such Lot, agrees to indemnify and reimburse Developer and/or the Association, as their respective interests may appear, for any damage caused by such Owner or the builder, contractor, agent or employees of such Owner, to roads, streets, gutters, walkways or other aspects of public ways or Common Areas, including all surfacing thereon, or to water, drainage or storm sewer lines or sanitary sewer lines owned by Developer and/or the Association, or for which Developer and/or the Association has responsibility, at the time of such damage.

10.03 Limitation of Liability. Each and every Owner, in accepting a deed or contract for any Lot or Lots in the Property, whether from Developer or a subsequent Owner of such Lot, agrees and covenants to release, indemnify, protect and hold harmless the Developer, and its agents, directors and employees (all of whom are included in the term "Developer" for the purposes of this Section 10.03) from and against any and all claims, and demands by such Owner, any member of his or her family, their employees, agents, guests, invitees, licensees, builders, contractors, and employees or subcontractors of such contractors, or any other persons whomsoever, for damages to property and personal injury or death (including but not limited to, the Developer's contributory negligence) which may arise out of or be caused directly or indirectly by such Owner's Lot or Lots, and/or the use of or construction on said Lot or Lots by said Owner, any member of his or her family, their guests, agents, invitees, licensees, builders, contractors, or by any other person whomsoever. The indemnification by such Owner as set forth above

Shelby
BOOK 209 PAGE 919

shall also cover any and all expenses of Developer, including attorneys' fees resulting from any claims or demands.

ARTICLE XI

NATURE OF PROTECTIVE COVENANTS; DEFAULTS AND REMEDIES

11.01 Protective Covenants Running with the Land. The foregoing Protective Covenants shall constitute a servitude in and upon the Property and shall run with such Property and inure to the benefit of and be enforceable by the Developer, by the Association, or by any Owner for a term of fifty (50) years from the date this Declaration is recorded, after which time the said Protective Covenants shall automatically be extended for successive periods of ten (10) years, unless an agreement, which has been signed by Owners who own two-thirds (2/3) or more of the then existing Lots in the Property, agreeing to terminate or modify this Declaration has been recorded in the Office of the Judge of Probate of Shelby County, Alabama, and in the Office of the Judge of Probate of Jefferson County, Alabama.

11.02 Default. Violation or breach of any of the Protective Covenants shall constitute a default hereunder. Any person given the right to enforce the Protective Covenants herein set forth may provide written notice thereof to any Owner (and any Institutional Mortgagee who or which has requested the same and provided to the Association an address for such notices).

11.03 Remedies for Default. The existence of any default which has not been cured within thirty (30) days of the notice specified above shall give the Developer, the Association, any Owner, in addition to all other remedies specified herein, the right to proceed at law or in equity to compel compliance with the terms of these Protective Covenants and to prevent the violation or breach of any of them.

11.04 Nature of Remedies; Waiver. All rights, remedies and privileges granted to the Developer, Association and the Owners, pursuant to the provisions of this Declaration shall be deemed to be cumulative, and the exercise of any one or more of them shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same, or any other party, from pursuing such other and/or additional rights, remedies, or privileges as may be available to such party at law or in equity. The failure at any point in time to enforce any covenant or restriction shall in no event be deemed a waiver of the right thereafter to enforce any such covenant or restriction.

11.05 Assignment. The Developer and/or the Association shall have the right to assign their respective rights to enforce

Shelby
BOOK 200 PAGE 920

these Protective Covenants. In the event of such assignment, the assignee shall have all the rights, remedies and privileges granted to its assignor under the provisions of this Article X.

11.06 No Right of Reverter. No covenant, condition or restriction set forth in this Declaration is intended to be, or shall be construed as, a condition subsequent or as creating the possibility of reverter.

ARTICLE XII

AMENDMENT OF DECLARATION

12.01 Amendment By Developer. The Developer reserves the right unilaterally to amend this Declaration, and to do so at such time, and upon such conditions, in such form and for such purposes as it, in its sole discretion, shall deem appropriate by preparing and recording an amendment hereto, provided, however, that this right of unilateral amendment is subject to the limitations set forth in Section 12.03 hereof and provided, further, that this right of unilateral amendment shall expire after all Lots have been sold to Owners other than the Developer, after which time this Declaration may be amended only in the manner set forth in Section 12.02 below.

12.02 Amendment By Association.

(a) Amendments to this Declaration may be proposed by either the Board of Directors of the Association (the "Board") acting upon a vote of the majority of the Board or by the affirmative vote of members of the Association who own not less than a majority of the Lots, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to the Declaration being proposed by the said Board or members, such proposed amendment or amendments shall be transmitted to the President of the Association or, in the absence of the President, such other officer of the Association, who shall thereupon call a special meeting of the members of the Association for a date not sooner than twenty (20) days, nor later than sixty (60) days, from receipt by him of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than twenty (20) days nor more than fifty (50) days, before the date set for such special meeting. Such notice shall be given to any Institutional Mortgagee of record who requests such notices and provides an address therefor to the Association. If mailed, such notice shall be deemed to be properly given when deposited in the United

Shelby
BOOK 209
PAGE 921

States mail, addressed to the member at his post office address as it appears on the records of the Association, the postage thereon being prepaid. Any member may, by written waiver of notice signed by such members, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such special meeting, the amendment or amendments proposed must be approved by the affirmative vote of members who own not less than two-thirds (2/3) of the total Lots in the Property in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments to the Declaration shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted and the original or executed copy of such amendment or amendments so certified and executed with the same formalities as a deed shall be recorded in the Office of the Judge of Probate of Shelby County, Alabama and in the Office of the Judge of Probate of Jefferson County, Alabama, within twenty (20) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording identifying the Declaration. Thereafter, a copy of said amendment or amendments, in the form in which the same were placed of record, shall be delivered to all of the Owners, but mailing or delivering a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

12.03 Restrictions on Amendment. Notwithstanding the foregoing provisions of this Article XII,

(a) No amendment shall materially adversely affect the rights of any Owner or group of Owners, unless such Owner or all Owners so adversely affected shall consent thereto. For example, no amendment shall alter the basis for apportionment of Assessments in a manner which would materially adversely affect any Owner or Owners, as opposed to other Owners, unless the Owner or Owners so adversely affected shall consent thereto.

(b) No amendment shall materially adversely affect the rights and priorities of any Institutional Mortgagees of record or change the provisions of this Agreement with respect to Institutional Mortgagees, unless all Institutional Mortgagees of record so adversely affected shall consent thereto.

(c) No amendment to this Declaration shall make any change in the qualifications of the membership nor in the voting

Shelby
BOOK 200 PAGE 922

or property rights of members, without approval in writing by all Owners and the joinder of all Institutional Mortgagees.

(d) No amendment to this Declaration shall abridge, limit, amend or alter the rights, privileges, powers or options of the Developer or any Institutional Mortgagee, as the same are set forth in this Declaration, without the prior written consent of the Developer if it is so affected and/or any Institutional Mortgagee which is so affected.

(e) No amendment shall be made to this Declaration so long as the Developer owns any Lot, unless the Developer shall consent thereto. Such consent may be withheld by the Developer for any reason or no reason at all.

12.04 Scrivener's Error. Notwithstanding the foregoing amendment provisions, any scrivener's error or omission may be corrected by the filing of an amendment to this Declaration consented to by the Board of Directors of the Association and any Owners or Institutional Mortgagees of record directly affected by the amendment. No other Owner is required to consent to any such amendment. If there appears to be any other omissions or errors in this Declaration, scrivener's or otherwise, and such error or omission does not materially adversely affect the rights and interests of any other party, then such error or omission may be corrected by the filing of an amendment to this Declaration executed by the Board without the consent of any other party.

ARTICLE XIII

GENERAL PROVISIONS

13.01 Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed by United States mail, postage paid, to the address of such Owner as it appears on the records of the Association at the time of such mailing.

13.02 Severability. Invalidation of any provision or provisions hereof by judgment or court order shall in no way affect any previous other provision, all of which shall remain in full force and effect.

13.03 Governing Law. Should any dispute or litigation arise between any of the parties whose rights or duties are affected or determined by this Declaration as the same may be amended from time to time, said dispute or litigation shall be governed by the laws of the State of Alabama.

Study
 BOOK 209 PAGE 923

13.04 Captions. The captions and titles of the various Articles and Sections in this Declaration are for convenience of reference only, and in no way define, limit or describe the scope or intent of this Declaration.

13.05 Usage. Whenever used herein, the singular shall include the plural and the singular, and the use of any gender shall include all genders.

13.06 Conflict. If any irreconcilable conflict should exist, or hereafter arise, with respect to the interpretation of any provisions of this Declaration, the Articles, the By-Laws or the Rules and Regulations, then the provisions of this Declaration shall prevail.

13.07 Effective Date. This Declaration shall become effective when it has been recorded in both the Office of the Judge of Probate of Shelby County, Alabama and the Office of the Judge of Probate of Jefferson County, Alabama.

IN WITNESS WHEREOF, the undersigned has duly executed this Declaration as of the date first above written.

DEVELOPER:

2154 TRADING CORPORATION

Shelby
BOOK 209 PAGE 924

ATTEST:

Handwritten initials
207

By: *Victor W. Turney*
Its: Vice President

By: *Christine N. Markussen*
Its: Assistant Secretary

STATE OF ^{Georgia} ~~ALABAMA~~)
COUNTY OF De Kalb)

I, Sandra R. Nauman, a Notary Public in and for said County in said State hereby certify that Victor W. Turney, whose name as Vice President of 2154 Trading Corporation, a corporation, is signed to the foregoing Declaration, and who is known to me, acknowledged before me on this day that, being informed of the contents of the above and foregoing Declaration of Protective Covenants, he as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal of office this 18th
day of October, 1988.

Arthur R. Nelson
Notary Public

My Commission Expires: _____

Notary Public, Georgia State at Large
My Commission Expires Feb. 10, 1990

BOOK 209 PAGE 925

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This instrument was prepared by Jack P. Stephenson, Jr.,
3000 SouthTrust Tower, Birmingham, Alabama 35203

STATE OF ALA. JEFFERSON CO.
I CERTIFY THIS INSTRUMENT
WAS FILED ON
1988 SEP 28 AM 10:37
RECORDED & INDEXED TAX HAS BEEN
PD. ON THIS INSTRUMENT.
[Signature]
CLERK OF PROBATE

ARTICLES OF INCORPORATION
OF
INVERNESS POINT HOMEOWNERS' ASSOCIATION, INC.

The undersigned, acting as incorporator of a nonprofit corporation under the Alabama Nonprofit Corporation Act, Code of Alabama 1975 §§10-3A-1 et seq., (the "Act"), adopt the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation shall be Inverness Point Homeowners' Association, Inc., hereinafter referred to as "Association."

SECOND: the period of its duration is perpetual.

THIRD: The general nature, objects and purposes for which the Association is organized is to establish an entity:

1. To provide for the efficient preservation of the appearance, value and amenities of the property (hereinafter referred to as the "Property") which is subject to the Declaration of Protective Covenants for Inverness Point, a Residential Subdivision, recorded or to be recorded in the Office of the Judge of Probate of Jefferson County, Alabama and the Office of the Judge of Probate of Shelby County, Alabama (hereinafter referred to as "Declaration").
2. To own and maintain, repair and replace the general and/or Common Areas of the Property including structures, landscaping and other improvements in and benefitting the Property for which the obligation to maintain has been delegated and accepted.
3. To control the specifications, architecture, design, appearance, elevation and landscaping of all improvements and structures of any kind, including, without limitation, buildings, fences, walls, signs, lighting systems, site paving, grading, screen enclosures, sewers, drains, landscaping, landscape devices or objects and/or other structures constructed, placed or permitted to remain on the Property, as well as any alteration, improvement, addition and/or change therein, thereof or thereto, all in accordance with the Declaration.
4. To provide, purchase, acquire, own, replace, improve, maintain and/or repair such real property, buildings, structures, street lights, landscaping, paving or other improvements in and/or benefitting the Property for which the obligation to so maintain and repair has been, or may be, delegated to, and accepted by, the Association.
5. To participate in and be a member of any Master Association, to pay all charges or assessments due as a member of such Master Association and to generally act in accordance with the rules and regulations promulgated by such Master Association.

Shelby
BOOK 209 PAGE 926

6. To provide services, the responsibility for which has been, or may be, delegated to, and accepted by, the Association.

7. To operate without profit for the sole and exclusive benefit of its members.

8. To perform any and all other functions contemplated of the Association or otherwise undertaken by its Board of Directors in accordance with the Declaration.

FOURTH: The powers of the Association shall include and be governed by the following provisions:

A. The Association shall have all of the common law and statutory powers, authority and privileges generally granted to nonprofit corporations under the laws of the State of Alabama. The Association shall have such additional powers as are reasonably necessary or appropriate to implement and effectuate the purposes of the Association and as are not inconsistent with these Articles, and the Declaration, as they may from time-to-time be amended, including, without limitation:

1. To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration, Articles, By-Laws, or any Rules and Regulations adopted pursuant thereto, and to enforce the provisions thereof.

2. To maintain, repair, replace, operate and manage the Common Areas, and such other parts or parcels of the Property or other property adjacent thereto as may be delegated to, and accepted by, the Association, including the right to make further improvements to the Common Areas or such other property.

3. To purchase, lease, hold, operate, sell, trade, dedicate, transfer, mortgage or otherwise acquire or dispose of interests in real or personal property in connection with the affairs of the Association.

4. To promulgate, amend and enforce rules, regulations, By-Laws, covenants, restrictions and agreements in connection with and to effectuate the affairs and purposes of the Association and to enforce by legal means the provisions of the Articles or the Declaration.

5. To fix, levy, collect and enforce payment of all assessments or charges to be levied against Lots (as defined in the Declaration) within the Property pursuant to the terms of the Declaration and By-Laws, and to defray all costs and expenses in connection therewith, as well as the costs and expenses of effectuating the objects and purposes of the Association, and to create reasonable reserves for such costs and expenses.

6. To borrow money, and, from time to time, to make, accept, endorse, execute and issue debentures, promissory notes or other obligations of the Association for monies borrowed, in payment of property acquired, or for any of the other purposes of the Association, and to secure the repayment of any such

Shelby
BOOK 209 PAGE 927

obligation by mortgage, pledge or other instrument of trust, or by lien upon, assignment of, or agreement in regard to, all or any part of the property, rights or privileges of the Association, wherever situated.

7. To pay taxes and other charges, if any, on or against any property, if any, owned by the Association.

8. To charge recipients for services rendered by the Association and to charge the user for use of Association property when such is deemed appropriate.

9. To participate in mergers or consolidations with any other nonprofit corporation or association which may perform similar functions located within the general vicinity of the Property.

10. To employ such personnel or to enter into, make, perform or carry out contracts with others to effectuate the aforesaid purposes with any person, firm, corporation, association or other entity and so contract for the management of the Association and to delegate to such contractors all powers and duties of the Association.

11. To delegate power or powers where such is deemed to be in the interest of the Association.

12. To purchase insurance for the protection of the Association, its officers, directors or members.

13. The powers set forth in this Article Fourth shall be construed as an amplification of the purposes of the Association set forth in Article Third of these Articles.

14. The Association shall have and may exercise all powers set forth in any other Article of these Articles of Incorporation.

B. All funds and title of properties acquired by the Association and the proceeds therefrom shall be held in trust for the members in accordance with the provisions of the Declaration and the Articles and By-Laws of the Association.

FIFTH: The Members of the Association shall consist of all Owners (as defined in the Declaration), and the membership shall be appurtenant to, and may not be separated from, ownership of any Lot (as defined in the Declaration). Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of Jefferson County or Shelby County, Alabama (depending upon the location of the Lot), and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted) or upon such ownership interest being divested in some other manner.

SIXTH: The affairs of the Association shall be managed by a Board of Directors consisting of the number of directors as shall be determined by the By-Laws; provided,

Shelby
BOOK 209 PAGE 928

however, that the Board of Directors shall consist of not less than three directors, and in the absence of a provision in the By-Laws shall consist of three Directors. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws. Vacancies on the Board of Directors shall be filled in the manner provided by the By-Laws.

Notwithstanding the provisions set forth in this Article Sixth, 2154 Trading Corporation, an Alabama corporation (the "Developer"), its successors and assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until such time as all Lots have been sold to Owners other than the Developer, or the Developer elects, at its option, to terminate control of the Association, whichever first occurs. Within sixty (60) days after the date of termination of control of the Association by the Developer, the Board of Directors shall call and give not less than ten (10) nor more than thirty (30) days notice of a special meeting of the membership for the purpose of electing the members of the Board of Directors.

The initial Board of Directors shall have three directors. The names and addresses of the members of the Board of Directors who shall hold office until their successors are elected and have qualified, or until such Directors are removed, are as follows:

Shelley
BOOK 209 PAGE 929

<u>NAME</u>	<u>ADDRESS</u>
Denton Scott	3313 Tartan Lane Birmingham, Alabama 35242
Leo Karpeles, Jr.	#4 Church Street Birmingham, Alabama 35213
Andy Joiner	3301 Faring Road Birmingham, Alabama 35223

Any director may be removed, either with or without cause, at any time, by the affirmative vote of a majority of the members at a meeting called for that purpose, and the vacancy in the Board caused by any such removal may be filled by the Developer until such time as all Lots have been sold to Owners other than Developer and in that event by the members at such meeting or at any subsequent meeting in the manner prescribed in the By-Laws for the filling of vacancies on the Board.

SEVENTH: The address of the Association's initial registered office is #2 Inverness Parkway (35242), Mailing Address: P.O. Box 43248, Birmingham, Alabama 35243, and the name of its initial registered agent is Leo Karpeles, Jr. with the same address.

EIGHTH: The Association shall have the right to indemnify each person who shall serve as a director, officer, employee, or agent of the Association, or shall serve at the request of the Association in a similar capacity with another corporation, joint venture, trust, or other enterprise, to the extent to which this Association is granted the power to so indemnify such persons by any and every statute of the State of Alabama or act of the Legislature of the State of Alabama.

NINTH: No contract or other transaction between the Association and any person, firm, association or corporation and no other act of the Association shall, in the absence of fraud, be invalidated or in any way affected by the fact that any of the directors or the Association are directly or indirectly, pecuniarily or otherwise interested in such contract, transaction or other act, or related to or interested in (either as director, stockholder, officer, employee, member or otherwise) such person, firm, association or corporation. Any director of the Association individually, or any firm or association of which any director may be a member of, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that the fact that he, individually, or such firm or association, is so interested, shall be disclosed or known to the Board of Directors or a majority of the members thereof as shall be present at any meeting of the Board of Directors, or of any committee of directors having the powers of the full Board, at which action upon any such contract, transaction or other act is taken; and if such fact shall be so disclosed or known, any director of the Association so related or otherwise interested may be counted in determining the presence of a quorum at any meeting of the Board of Directors, or of such committee, at which action upon any such contract, transaction or act shall be taken, and may vote with respect to such action with like force and effect as if he were not so related or interested. Any director of the Association may vote upon any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

TENTH: A. Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

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1. Real property contributed to the Association without the receipt of other than nominal consideration by Developer (or its predecessor in interest) shall be returned to Developer, unless it refuses to accept the conveyance (in whole or in part).

2. Remaining assets shall be distributed among the members, subject to the limitations set forth below, as tenants in common, each members' share of the assets to be determined in accordance with its voting rights.

B. Dissolution of the Association shall be accomplished as set forth in the Act.

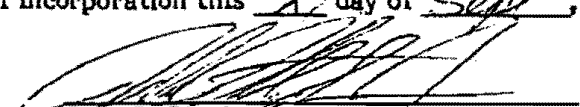
ELEVENTH: The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles in the manner now or hereafter provided by law, and all rights conferred upon officers and directors herein are granted subject to this reservation.

TWELFTH: The name and address of each incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Jack P. Stephenson, Jr.	3000 SouthTrust Tower Birmingham, Alabama 35203

WHEREFORE, the incorporator files this, its Articles of Incorporation, and tenders to the Probate Judge of Shelby County, Alabama, the lawful fees and charges, and pray that these Articles may be examined and approved, and that the Association may be deemed to be incorporated for the purposes herein set out.

IN WITNESS WHEREOF, the undersigned incorporators have hereunto subscribed their signatures to these Articles of Incorporation this 22 day of Sept, 1988.



Jack P. Stephenson, Jr.
Incorporator

Shelby
BOOK 209 PAGE 931

State of Alabama
Jefferson County

CERTIFICATE OF _____ INCORPORATION _____

OF

_____ INVERNESS POINTE HOMEOWNERS' ASSOCIATION, INC. _____

The undersigned, as Judge of Probate of Jefferson County, State of Alabama, hereby certifies that _____ Articles of

_____ INCORPORATION _____

duly signed and verified pursuant to the provisions of Alabama _____ NONPROFIT _____ Corporation Act, have been received in this office and are found to conform to law.

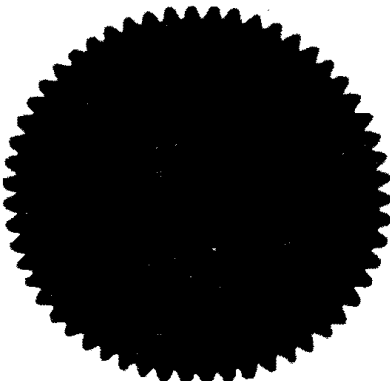
Accordingly the undersigned, as such Judge of Probate, and by virtue of the authority vested in him by law, hereby, issues this Certificate of _____ INCORPORATION _____

of _____ INVERNESS POINTE HOMEOWNERS' ASSOCIATION, INC. _____

and attaches hereto a copy of the _____ Articles of

_____ INCORPORATION _____

Given Under My Hand and Official Seal on this the _____ 28 _____ day of _____ SEPTEMBER _____, 19 _____ 88 .



JH Florence
Judge of Probate

Shelley
BOOK 209 PAGE 932

3574 PAGE 94
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**BY-LAWS
OF
INVERNESS POINT HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE I

THE ASSOCIATION

Section 1. Identity. These are the By-Laws of Inverness Point Homeowners' Association, Inc., a nonprofit corporation (the "Association"), which was formed under the Alabama Nonprofit Corporation Act [Code of Alabama 1975 §§10-3A-1 et seq.] by filing the Articles of Incorporation of the Association (the "Articles") with the Office of the Judge of Probate of JEFFERSON County, Alabama, on 12/28, 1988. The purposes for which the Association has been organized are set forth in the Articles. The provisions of these By-Laws are expressly subject to the terms, provisions, covenants and conditions contained in the Articles and the Declaration of Protective Covenants for Inverness Point, a Residential Subdivision (hereinafter referred to as the "Declaration") as filed, or to be filed, with the Office of the Judge of Probate of Jefferson County, Alabama and the Office of the Judge of Probate of Shelby County, Alabama, to which these By-Laws are attached as Exhibit B. The terms "Common Area," "Developer," "Institutional Mortgagee," "Lot," "Owner," "Property" and any other capitalized term used in these By-Laws are used with the definitions given those terms in the Declaration.

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

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

ARTICLE II

MEMBERSHIP

Section 1. Membership. The Members of the Association shall consist of all Owners (as defined in the Declaration), and the membership shall be appurtenant to, and may not be separated from, ownership of any Lot (as defined in the Declaration). Membership shall attach automatically upon the acceptance of delivery of the instrument of transfer of such ownership interest, provided that such instrument is promptly recorded in the Office of the Judge of Probate of Jefferson County or Shelby County, Alabama (depending upon the location of the Lot), and a true copy of such recorded instrument is promptly delivered to the Association. Membership shall terminate automatically upon the tendering of delivery of an instrument of transfer of such ownership interest (provided such tender is accepted) or upon such ownership interest being divested in some other manner.

Shelby
BOOK 209 PAGE 933

Section 2. Annual Meeting. The annual meeting of the Membership shall be held on the third Tuesday in the month of April in each year, beginning with the year 1989 at the hour of 10:00 a.m., or at such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Alabama, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting of the membership, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Membership as soon thereafter as conveniently may be.

Section 3. Special Meetings. Special meetings of the Membership, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors and shall be called by the President or the Secretary at the request of Owners of one half (1/2) or more of the total Lots of the Property.

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

Section 5. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of an annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or for any other proper purpose, such date in any case to be not more than fifty (50) days and, in case of a meeting of the membership, not less than ten (10) days prior to the date on which the particular action, requiring such determination of members, is to be taken. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of the membership, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of the membership has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 7. Voting Lists. The officer or agent having charge of the records of members of the Association shall make, at least ten (10) days before each meeting of the Membership, a complete list of the members entitled to vote at such meeting, or

Shelley
BOOK 209 PAGE 934

any adjournment thereof, arranged in alphabetical order, with the address of each member, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any member making written request therefor at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member during the whole time of the meeting.

Section 8. Quorum. The presence at any meeting of the Membership of the members entitled to cast at least 10% of the votes in the Association, represented in person or by proxy, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

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

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

Section 11. Voting Rights. Subject to the restrictions hereinafter set forth, each member shall be entitled to one (1) vote for each Lot in which he holds the interest required for membership. When one or more persons holds such interest, all such persons may be members, but in no event shall more than one vote be cast with respect to any Lot. If an Owner is a corporation or other entity, the person entitled to cast the vote for the Lot shall be designated by a certificate duly executed by such corporation or other entity and filed with the Secretary of the Association. Such certificate shall be valid until revoked or until superceded by a subsequent certificate or a change in the ownership of the Lot concerned. A certificate designating the person entitled to cast the vote of a Lot may be revoked at any time by any Owner of a Lot. There shall be no fractional voting. The votes of an Owner of more than one Lot cannot be divided for any issue and must be voted as a whole. Except where otherwise required under the provisions of the Declaration, the Articles or these By-Laws, the affirmative vote of Owners who own a majority of the total Lots within the Property which is represented at any meeting of members duly called, and at which a quorum is present, shall be binding upon the members. Voting may take place by proxy executed and delivered in the manner set forth herein.

Section 12. Informal Action by Members. Any action required to be taken at a meeting of the membership, or any other action which may be taken at a meeting of the membership, may be taken without a meeting if a consent in writing, setting forth

209
BOOK PAGE 935

the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE III

BOARD OF DIRECTORS

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

Section 2. Number, Tenure and Qualifications. The number of directors of the Association shall consist of three (3) directors.

Section 3. Election of Directors.

(a) Election of directors shall be held at the annual meeting of the membership. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. The Owner of each Lot shall be entitled to cast the number of votes fixed by Section 11 of Article II for each of as many nominees as there are vacancies to be filled at the time of election. There shall be no cumulative voting.

(b) Notwithstanding the provisions of subparagraph (a) above, the Developer (as defined in the Declaration), its successors and assigns, shall elect the members of the Board of Directors of the Association, and in the event of vacancies, the Developer shall fill vacancies, until all Lots are owned by Owners other than the Developer or until the Developer elects, at its option, to terminate control of the Association. Within sixty (60) days after the date of termination of control of the Association by the Developer, the Board of Directors shall call and give not less than ten (10) nor more than thirty (30) days notice of a special meeting of the Membership for the purpose of electing the members of the Board of Directors.

Section 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of the Membership, provided, however, any such regular meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings, or in a consent and waiver of notice thereof, signed by all directors. The Board of Directors may provide, by resolution, the time and place, within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.

Section 6. Notice. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any

Shelley
BOOK 209 PAGE 936

director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 7. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

If a quorum is present when the meeting is convened, the directors present may continue to do business, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum present, or the refusal of any director present to vote.

Section 8. Manner of Acting. The act of the majority of a majority of the directors present at a meeting at which a quorum is present is necessary to constitute the act of the Board of Directors unless a greater number is required under the Alabama Nonprofit Corporation Act.

Section 9. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

Section 10. Vacancies. Subject to the provisions of subparagraph (b) of Section 3 of this Article III, any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by a majority of the remaining directors. A director elected or appointed, as the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.

Section 11. Compensation. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a director or both. No such payment shall preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 12. Committees. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of two or more directors and which to the extent provided in said resolution or resolutions or in the By-Laws of the Association shall have and may exercise all of the powers of the Board of Directors in the management of the activities and affairs of the Association and may have power to authorize the seal of the Association to be affixed to all papers which may require it; except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the By-Laws; electing, appointing or removing any member of any such committee or any director or officer of the

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BOOK 209 PAGE 937

Association; amending the Articles, restating the Articles, adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any action or resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation of such committee or committees or the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed upon it or him by law.

Section 13: Resignations. Any director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Secretary of the Association. Such resignation shall take effect at the time specified therefor; and the acceptance of such resignation shall not be necessary to make it effective.

Section 14. Place of Meeting. The Board of Directors may designate any place within or without the State of Alabama as the place of meeting for any regular or special meeting of the Board of Directors.

ARTICLE IV

OFFICERS

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

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

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

Shelley
BOOK 209 PAGE 938

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

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

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

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

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

Section 9. Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President

Shelby
BOOK 209 PAGE 939

or the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

Section 10. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Association.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

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

Section 2. Loans.

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

(b) No loans shall be made by the Association to its directors or officers. Any director or officer who assents to or participates in the making of such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

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

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

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

Shelley
BOOK 209 PAGE 940

ARTICLE VI

BOOKS AND RECORDS

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

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

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

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

Section 5. Bonds. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board of Directors, but shall not be less than three times the amount of the total annual assessments against members for Common Expenses. The premiums of such bonds shall be paid by the Association.

ARTICLE VII

SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and such other words as the Board of Directors may prescribe.

Shelley
BOOK 209 PAGE 941

ARTICLE VIII

WAIVER OF NOTICE

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

ARTICLE IX

FISCAL YEAR

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

ARTICLE X

INDEMNIFICATION

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

Section 2. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in

Shelley
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BOOK

connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3.

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

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

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

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

Shelley
BOOK 209 PAGE 943

ARTICLE XI
AMENDMENT

The By-Laws may be amended, altered or repealed by the Developer until the Developer elects, at its option, to terminate control of the Association. Upon termination of control, the By-Laws may be amended by the members at any regular or special meeting upon the affirmative vote of the Owners of not less than two-thirds (2/3) of the total Lots of the Property.

STATE OF ALA. SHERIFF
I CERTIFY THIS
INSTRUMENT WAS FILED
88 OCT 20 AM 10:24
JUDGE OF PROBATE

RECORDING FEES
Recording Fee \$135.00
Index Fee 1.00
TOTAL \$136.00

**CONSENT OF THE BOARD OF DIRECTORS OF
INVERNESS POINT HOMEOWNERS' ASSOCIATION, INC.
IN LIEU OF AN ORGANIZATIONAL MEETING**

The undersigned, constituting all of the Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation, do hereby approve and consent to the following transactions and adopt the following resolutions related thereto:

1. RESOLVED, by the Board of Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation (the "Corporation"), that the Articles of Incorporation of the Corporation as filed in the Probate Office of Jefferson County, Alabama, on September 28, 1988, be, and the same are hereby, ratified, approved and adopted as the Articles of Incorporation of this Corporation; and do hereby direct that a copy of said Articles of Incorporation together with the Certificate of Incorporation issued by the Judge of Probate of Jefferson County, Alabama, on September 28, 1988, be filed with the Office of the Judge of Probate of Shelby County, Alabama, so that said Articles will be filed in the County in which its registered office is located.

2. RESOLVED, by the Board of Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation (the "Corporation"), that the By-Laws presented to the Corporation by counsel (a copy of which by-laws are attached hereto as Exhibit "A"), be and the same are hereby adopted as and for the official By-Laws of the Corporation; and

3. RESOLVED, by the Board of Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation (the "Corporation"), that the following named individuals be, and they are hereby, elected and appointed to serve in the offices designated beside the name of each individual in accordance with the By-Laws of this Corporation:

<u>Name</u>	<u>Office</u>
Leo M. Karpeles, Jr.	President
J. Andrew Joiner	Secretary

4. RESOLVED, by the Board of Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation (the "Corporation"), that the form or seal which is impressed hereupon and appearing hereby, be, and the same hereby is approved and adopted as the official corporate seal of this Corporation; and

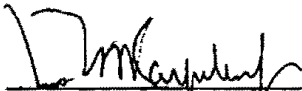
5. RESOLVED, by the Board of Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation (the "Corporation"), that the President and Secretary of this Corporation be, and each of them are, hereby authorized to make arrangements for the opening of bank account(s) on behalf of this Corporation; and

RESOLVED FURTHER, by the Board of Directors of the Corporation that any resolutions supplied by the bank or banks selected by the President or Secretary, or either of them, to be executed by each of them and attached to the minutes of this meeting, be deemed resolutions of this Corporation duly adopted by the Board of Directors; and

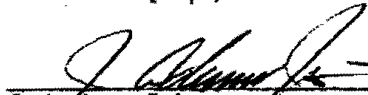
6. RESOLVED, by the Board of Directors of Inverness Point Homeowners' Association, Inc., an Alabama nonprofit corporation (the "Corporation"), that the fiscal year of the Corporation shall end on the 31st day of December in each year.

The undersigned directors by their execution of this consent do hereby waive notice of the organizational meeting as required under Section 35 of the Alabama Nonprofit Corporation Act [Code of Alabama § 10-3A-64] and do hereby agree that this unanimous consent shall be in lieu of the organizational meeting required by said Section 35.


Executed by the undersigned on this the 21st day of December, 1988, the Secretary of the Corporation being hereby directed to file this written consent with the minutes of the proceedings of the Board of Directors of the Corporation.



Leo M. Karpelas, Jr.



J. Andrew Joiner



Denton O. Scott

This instrument was prepared by: Jack P. Stephenson, Jr.
3000 SouthTrust Tower
Birmingham, Alabama 35203.

STATE OF ALABAMA)
)
COUNTIES OF JEFFERSON)
AND SHELBY)

SUPPLEMENTAL DECLARATION OF
PROTECTIVE COVENANTS OF
INVERNESS POINT, RESIDENTIAL SUBDIVISION

KNOW ALL MEN BY THESE PRESENTS THAT,

WHEREAS, 2154 Trading Corporation, ^{a New York} ~~an Alabama~~ corporation (hereinafter referred to as the "Declarant") has previously filed a Declaration of Protective Covenants and Agreements in the Probate Office of Shelby County, Alabama, in Real Book 209 at page 890, (the "Original Declaration") for the benefit of certain real property situated in Shelby County, Alabama, which is part of a residential subdivision known as Inverness Point, a Residential Subdivision, and which is more particularly described in the Plat of Inverness Point Phase One as recorded in Map Book 13 at page 6 in the Probate Office of Shelby County, Alabama (the "Original Declaration");

WHEREAS, the Declarant is the owner of additional real property (the "Subject Property") situated in Shelby County, Alabama, and Jefferson County, Alabama, which is proposed to be developed as part of Inverness Point, a Residential Subdivision, and which is more particularly described in the Plat of Inverness Point Phase Two as recorded in Map Book 13 at page 6 in the Probate Office of Shelby County, Alabama and in Map Book 159 at page 30 in the Probate Office of Jefferson County, Alabama;

WHEREAS, the Declarant has caused a copy of the Original Declaration as heretofore filed with the Office of the Judge of Probate of Shelby County, Alabama,

to be filed and recorded in the Office of the Judge of Probate of Jefferson County, Alabama at Real Volume 3524 page 901;

WHEREAS, the Declarant desires to submit the Subject Property to the Original Declaration in accordance with and pursuant to Section 2.02 of the Original Declaration which permits the owner of any property, with the approval in writing of the Association (as defined in the Original Declaration), to submit such property to the Original Declaration by filing a Supplementary Declaration to that effect in the Office of the Judge of Probate of Shelby County, Alabama and in the Office of the Judge of Probate of Jefferson County, Alabama;

NOW, THEREFORE, the Declarant, together with Inverness Point Homeowners' Association, Inc. (the "Association") do, upon the recording hereof, declare and make the Subject Property and any portion thereof subject to the covenants, conditions, restrictions, uses, limitations and affirmative obligations of the Original Declaration, as amended hereby, all of which are declared to be in furtherance of a plan for the use and improvement of the Subject Property in a desirable and uniform manner suitable in architectural design and for the enforcement of such uniform standards and the maintenance and preservation of the common amenities within the property subject to the Original Declaration.

ARTICLE I

The Declarant hereby reaffirms and restates the terms and provisions of the Original Declaration in their entirety without any change whatsoever, except that the legal description of the property subject to the Original Declaration in Section 2.01 thereof shall be amended to include the Subject Property. Declarant hereby declares that said provisions of the Original Declaration as amended hereby shall run with the land and be binding upon, and shall inure to the benefit of, the Subject Property and all

parties having or acquiring any right, title or interest in and to the Subject Property or any part thereof, and their successors in interest.

ARTICLE II

The Association has joined in the execution of this Supplemental Declaration for the purpose of evidencing its written approval of the submission of the Subject Property to the Original Declaration as herein provided and does hereby authorize the filing of this Supplemental Declaration with the Office of the Judge of Probate of Shelby County, Alabama and the Office of the Judge of Probate of Jefferson County, Alabama.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed as of the 21ST day of DECEMBER, 1988.

INITIAL
[Handwritten initials in a box]

2154 TRADING CORPORATION,
an Alabama corporation
a New York

By: Victor W. Turney
Its: Vice President

INVERNESS POINT HOMEOWNERS'
ASSOCIATION, INC.

By: [Handwritten Signature]
Its: PRESIDENT

STATE OF Georgia)
De Kalb COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify Victor W. Turner, whose name as Vice President of 2154 Trading Corporation, an Alabama corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 27th day of December, 1986.

Notary Public, Georgia State at Large
My Commission Expires Feb. 10, 1990

Sarah R. Norman
Notary Public

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify LEO M. KARPELES, whose name as PRESIDENT of Inverness Point Homeowners' Association, Inc. an Alabama nonprofit corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he as such officer, and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 21st day of DECEMBER, 1988.

Mina Fienet
Notary Public

MY COMMISSION EXPIRES FEBRUARY 15, 1992

STATE OF ALABAMA)
JEFFERSON COUNTY)

AGREEMENT RELATING TO SANITARY SEWER
FACILITIES ON JEFFERSON COUNTY RIGHT-OF-WAY

THIS AGREEMENT is made this 13 day of Dec,
1988 by and between 2154 Trading Corporation, a New York
corporation (the "Owner") and Jefferson County, Alabama (the
"County").

R E C I T A L S :

A. Owner is the owner of all that certain property
described in Exhibit A which is attached hereto and made a
part hereof (the "Property"). The Property is part of a
planned community located in Shelby and Jefferson Counties,
Alabama, known as Inverness. Owner is in the process of
developing the Property for a quality residential subdivi-
sion to be divided into approximately seventy (70) lots to
be known as Inverness Point.

B. Owner is also the owner of a private sanitary
sewer system serving Inverness. In connection with its
development of the Property, Owner plans to subdivide the
property, to dedicate its public streets in the proposed
subdivision to the County, and Owner has requested the
County to allow it to have a license for the construction,
installation, maintenance, use and repair of its private
sanitary sewer system which will be placed within the rights
of way being dedicated to the County.

C. Approximately 70 residents of the County will be served by this private sanitary sewer system who would not otherwise have such sewer available.

D. This Agreement is being entered into between the Owner and the County to establish the rights and obligations of the parties with respect thereto.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the sum of Ten Dollars in hand by each paid to the other the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. The County grants to Owner a permit or revocable license in all rights of way dedicated to the County in connection with the filing of the subdivision plat for Inverness Point, a subdivision, together with the right for the installation, maintenance, use, repair and operation by Owner of the private sewer trunk line facility with the further rights of ingress and egress to such private sewer trunk line for the purpose of maintenance, repair and replacement thereof. This permit or license shall be revocable by the County in the sole discretion of the County.

2. The sewer facility herein authorized to be installed shall be those facilities which are being described in plans and specifications submitted by Owner to

the Public Works Director/County Engineer of the County and approved by such official of the County.

3. Owner agrees to install, maintain and operate the private sanitary sewer facilities in accordance with all Jefferson County rules, regulations and requirements for utility placement within county right of way including, but not limited to, the regulations and covenants for excavation within County right of way, including Article 6, Utility Placement Within County Rights of Way and Proposed Rights of Way, of the Jefferson County Subdivision and Construction Regulations, and all other articles therein.

4. The resolution of the Jefferson County Commission authorizing the execution of this Agreement is hereby incorporated herein by reference.

5. Owner agrees to cause to remain in effect a comprehensive general liability insurance policy in the amount of \$1,000,000 with the County as an insured party thereunder, protecting the County from any liability resulting from Owner's exercise of the easements reserved hereby. Owner shall furnish the County with a certificate of insurance evidencing the required insurance issued by the insurance company, and shall cause the County to be furnished with a renewal certificate annually, and shall immediately notify the County of any change in status of the

policy and of any premium due and unpaid. Owner agrees to promptly pay any premium due to the insurance company and upon its failure to do so, the County may pay the same and Owner agrees to promptly reimburse the County for any such premium paid.

6. In the event that Owner should relocate, adjust, repair, or remove any of the private sanitary sewer facilities within or from the County right of way, Owner shall be fully responsible for any costs, expenses, and damages of any nature whatsoever in any way arising out of such relocation, adjustment, repair, or removal. In the event that the County, in its reasonable judgment, requires the relocation, adjustment, repair or removal of such sanitary sewer, County shall give written notice to Owner and Owner will accomplish such relocation, adjustment, repair, or removal within a reasonable time at its sole cost and expense, but in no event later than six months from the date of the receipt of such notice. In addition, in order to provide security that such relocation, adjustment, repair, or removal be performed, Owner shall by separate agreement provide security in an amount reasonably satisfactory to the County with payment conditioned upon performance of the obligations of the Owner. During any construction, maintenance, relocation, or removal of the facility described herein, traffic control devices shall be used in accordance with the Alabama Manual

on Uniform Traffic Control Devices -Section G, in accordance with all other applicable laws and ordinances.

7. Owner agrees to hold harmless and defend the County, its elected officials and employees from all claims for injury or damage done to property, the travelling public, or to any other firm or individual damaged or injured which arises out of the exercise of the rights reserved by the Owner under the terms of this Agreement or the installation of the private sanitary sewer which is the subject of this Agreement.

8. The County, in executing this Agreement does not in any way assume responsibility for the maintenance of or responsibility for any damage done to the subject sanitary sewer facilities.

9. This Agreement shall inure to and be binding upon the undersigned, their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives this 13 day of Dec, 1988.

2154 Trading Corporation

By: Victor W. Turner
Its: Vice President

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STH

Jefferson County, Alabama

By: David D. Perry
President, Jefferson County
Commission