

STATE OF ALABAMA
LAUDERDALE COUNTY

0098-234 45

SHOALS CREEK ESTATES
PROTECTIVE COVENANTS

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ROBBINS DEVELOPMENT, INC., Darren M. Rowan and Kathryn ^{S.} Rowan, Douglas E. Cottrell and Susan P. Cottrell, Mark W. Frederick and Stephanie A. Frederick, and Roger L. Brown, owners of all the property in Lauderdale County, Alabama, described on the attached Exhibit "A", which is made a part hereof by reference, said property being shown on a map and plat thereof prepared by Paxton, Price and Rider Engineering, Inc. known and designated as SHOALS CREEK ESTATES, said map and plat to be recorded in the Office of the Judge of Probate of Lauderdale County, Alabama, hereby impose on all of the lots in said plat and the property described in the attached Exhibit "A" the following covenants and building restrictions: These covenants are to run with the land and shall be binding on all parties owning any land within the property herein described until January 1, 2008, at which time said covenants shall be automatically extended for successive periods of ten years, unless by vote of a majority of the then owners of the lots, it is agreed to change said covenants in whole or in part.

If any person shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person or persons owning any real property situated in said development or subdivision to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenant and either to prevent him or them from so doing or to recover damages for such violation, or both, and in the event of a breach of said covenants the person or persons committing the breach shall pay all costs of enforcing these covenants, including a reasonable attorney's fee. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

1. *All lots in the subdivision are for residential use*

only, and not more than one residence shall be erected on any lot. No structures shall be erected, altered, placed or permitted to remain on any residential building plot other than one detached single-family dwelling not to exceed two stories in height excluding the basement, and a private garage and other outbuildings incidental to residential use of the lot, such outbuildings shall be approved, in writing, by the Architectural Control Committee prior to commencement of construction.

2. *No business or offensive activity shall be carried on*

upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

3. *No trailer, basement, tent, shack, garage, or other*

outbuilding erected in the tract shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence. All mail boxes, including materials, type and location, shall be approved in writing, by the Architectural Control Committee, prior to construction.

4. *DWELLING QUALITY AND SIZE: No single story dwelling shall be permitted*

having total heated and cooled area, exclusive of porches, terraces, basement, and garages, of less than the square footage indicated below. All two story residences in the Subdivision must have a ground floor heated and cooled area, exclusive of open porches, terraces, basement, and garages of no less than the square footage indicated below, and a total heated and cooled area, as indicated below.

LOTS. NUMBERED	MINIMUM GROUND FLOOR S/F	MINIMUM TOTAL S/F
100 through 108	1,600 s/f	3,000 s/f
109 through 123	1,700 s/f	3,200 s/f
124 through 131	1,600 s/f	3,000 s/f
200 through 204	1,300 s/f	2,400 s/f
205 through 210	1,700 s/f	3,200 s/f
211 through 214	1,300 s/f	2,400 s/f
215 through 225	1,100 s/f	2,000 s/f
300 through 315	1,800 s/f	3,400 s/f

No residence shall be permitted the use of asbestos siding or shingles except asbestos shingles on the roof and no "perma stone" or comparable material by another name shall be permitted. Natural cut stone and dryvit shall be permitted. No exposed concrete block shall be permitted. Vinyl siding shall be limited to trim areas only.

No garages facing the street shall be permitted unless they have at least a twenty (20) foot floor surface width. All driveways in said subdivision shall be of hard surface material, such as concrete, brick, etc.

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5. ***Perpetual easements are reserved for utility***

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installation and maintenance, as shown on said plat to be recorded.

6. ***BUILDING LOCATION: No building shall be located on any***

lot nearer to the front line or nearer to the side street line than the minimum building setback lines shown on the said plat to be recorded. In any event, no building shall be located on any lot nearer than 30 feet to the front lot line, or nearer than 25 feet to any side street line. No building shall be located nearer than 10 feet to an interior lot line. No dwelling shall be located on an interior lot nearer than 10 feet from the rear lot line. Garages may not be located at the rear of a lot nearer than 10 feet from the rear lot line. For the purposes of this covenant, eaves and steps shall not be considered as a part of a building.

7. ***The Architectural Control Committee is composed of***

Harvey F. Robbins, Sr., Roger Brown, and Susan P. Cottrell. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. Neither the members of the Committee, nor its designated representative, shall be entitled to any compensation for services performed pursuant to this covenant. At any time, the then recorded owners of a majority of the lots shall have the power through a duly recorded written instrument to change the membership of the Committee or to withdraw from the Committee, or restore to it any of its powers and duties.

8. ***PROCEDURE: The Committee's approval or disapproval***

as required in these covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove within 30 days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

9. ***ARCHITECTURAL CONTROL: No building shall be erected,***

placed, or altered on any lot until the construction plans and specifications and a plot plan showing the location of the structure on the lot have been approved by the Architectural Control Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. Approval shall be as provided in Paragraph 8 above.

10. ***No sign of any kind shall be displayed to the public***

view on any lot except one professional real estate sign of not more than two square feet. The Subdivision developers may have one large sign advertising the subdivision.

11. ***No oil drilling, oil development operations, oil***

refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any lot.

12. ***No animals, livestock, or poultry of any kind shall***

be raised, bred, or kept on any lot, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose. An exception can be made for a horse on any lot containing three (3) acres or more. No owner shall keep or maintain any pet or animal that has vicious propensities, or that becomes a nuisance to the neighborhood. All pets must be kept on their owner's premises, and not allowed to roam unattended.

13. ***No wire or chain link fence will be permitted in the***

subdivision. Any hedge, fence, or wall may be erected or grown only after the plans and specifications of the same are approved, in writing, by the Architectural Control Committee. No substantial change in the elevation of the land shall be made on the premises. Notwithstanding the foregoing, the developer may use chain link fencing as determined necessary along the perimeter of the subdivision and as fencing for the common ways and recreational areas.

14. ***No radio or TV antenna shall be***

permitted, and all satellite dishes must be 18" or smaller, and can only be placed on the lot after the approval of the Architectural Control Committee, in writing, before installation.

15. No motor vehicles, boats, mobile homes, campers, or

trailers shall be kept or stored on any part of the property, except within an enclosed garage nor shall any such vehicles, boats, motor homes, campers, trucks or trailers be allowed to park on any street in said subdivision overnight or for any extended period and only temporary parking of such shall be allowed.

16. No storage tanks of any kind shall be permitted above ground.

17. GARBAGE AND REFUSE DISPOSAL: No lot shall be used or

maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition, and out of sight.

18. SIGHT DISTANCE AT INTERSECTIONS: No fence, wall,

hedge, or shrub planting which obstructs sight lines at elevations over 3 feet above the roadways 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 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 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

19. When the construction of any building is started, work

thereon must be prosecuted diligently and must be completed within a reasonable time.

20. No weeds, underbrush, or other unsightly growth shall

be permitted to grow or remain upon any part of the property and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain any where thereon. The general landscaping of any residence and the planting of shrubs and trees must be approved in writing by the Architectural Control Committee before work is commenced.

21. All boathouses, piers, and sea walls may be erected

only after the plans and specifications of the same are approved, in writing, by the Architectural Control Committee. Approval shall be as provided in Paragraph 8 above. All construction contractors must be approved by the Architectural Control Committee, and must meet or exceed T.V.A. specifications.

22. All common areas shall be maintained by the Shoals

Creek Estates Homeowners' Association, including but not limited to, the entrance gate, roadways, perimeter fencing, landscaping, boat ramp, parking areas, and tennis courts, clubhouse, and lighting of all areas. It is acknowledged that the subdivision roadways are not public roads, and the responsibility for maintenance and upkeep is with the Shoals Creek Estates Homeowners' Association.

23. All Shoals Creek Estates lot owners shall be members of

the Shoals Creek Estates Homeowners' Association, a not-for-profit corporation to be formed, and shall be subject to all terms and provisions of the Articles of Incorporation and by-laws of the Homeowners' Association.

IN WITNESS WHEREOF, ROBBINS DEVELOPMENT, INC., has caused this instrument to be executed by ROBBINS DEVELOPMENT, INC., an owner of property located in Shoals Creek Estates, as of the 24th day of April, 1998.

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ROBBINS DEVELOPMENT, INC.

By: Roger L. Brown
Roger L. Brown, Secretary

I, Susan Cottrell a Notary Public in and for said County of Lauderdale, in said State, hereby certify that Roger L. Brown, as Secretary of Robbins Development, Inc., a corporation, whose name 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 executed the same voluntarily as of the day the same bears date.

Given under my hand this the 24th day of April, 1998.

Notary Public
Susan Cottrell

My Commission Expires February 28, 2000

IN WITNESS WHEREOF, ROBBINS DEVELOPMENT, INC., has caused this instrument to be executed by Darren M. Rowan and Kathryn B. Rowan, owners of property located in Shoals Creek Estates, as of the 27th day of April, 1998. 5

Darren M. Rowan
Darren M. Rowan

Kathryn B. Rowan
Kathryn B. Rowan
5.

I, Susan Cottrell a Notary Public in and for said County of Lauderdale, in said State, hereby certify that Darren M. Rowan and Kathryn B. Rowan, whose names are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they executed the same voluntarily as of the day the same bears date.

Given under my hand this the 27th day of April, 1998.

Notary Public
Susan Cottrell
My Commission Expires February 28, 2000

IN WITNESS WHEREOF, ROBBINS DEVELOPMENT, INC., has caused this instrument to be executed by Douglas E. Cottrell and Susan P. Cottrell, owners of property located in Shoals Creek Estates, as of the 27th day of April, 1998.

Douglas E. Cottrell
Douglas E. Cottrell

Susan P. Cottrell
Susan P. Cottrell

I, Tina M. King a Notary Public in and for said County of Lauderdale, in said State, hereby certify that Douglas E. Cottrell and Susan P. Cottrell, whose names are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they executed the same voluntarily as of the day the same bears date.

Given under my hand this the 27th day of April, 1998.

Notary Public
Tina M. King
MY COMMISSION EXPIRES DEC. 5, 2001

IN WITNESS WHEREOF, ROBBINS DEVELOPMENT, INC., has caused this instrument to be executed by Mark W. Frederick and Stephanie A. Frederick, owners of property located in Shoals Creek Estates, as of the 24th day of April, 1998.

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Mark W. Frederick
Mark W. Frederick

Stephanie A. Frederick
Stephanie A. Frederick

I, Susan Cottrell a Notary Public in and for said County of Lauderdale, in said State, hereby certify that Mark W. Frederick and Stephanie A. Frederick, whose names are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they executed the same voluntarily as of the day the same bears date.

Given under my hand this the 24th day of April, 1998.

Notary Public
Susan Cottrell
My Commission Expires February 28, 2000

IN WITNESS WHEREOF, ROBBINS DEVELOPMENT, INC., has caused this instrument to be executed by Roger L. Brown, owner of property located in Shoals Creek Estates, as of the 24th day of April, 1998.

Roger L. Brown
Roger L. Brown

I, Susan Cottrell a Notary Public in and for said County of Lauderdale, in said State, hereby certify that Roger L. Brown, whose name 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 executed the same voluntarily as of the day the same bears date.

Given under my hand this the 24th day of April, 1998.

Notary Public
Susan Cottrell
My Commission Expires February 28, 2000

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ARTICLES OF INCORPORATION 30-542 51

OF

SHOALS CREEK ESTATES HOMEOWNERS ASSOCIATION, INC.

A NON-PROFIT CORPORATION

Pursuant to Title 10, Chapter 3, Non-Profit Corporations, Code of Alabama 1975, as amended, the undersigned incorporators, all being natural persons over the age of 19 years, do hereby sign, verify and file these Articles of Incorporation of **SHOALS CREEK ESTATES HOMEOWNERS ASSOCIATION, INC.**, a nonprofit corporation.

ARTICLE I. NAME

The name of the corporation is: Shoals Creek Estates Homeowners Association, Inc.

ARTICLE II. DURATION

The period of duration of the corporation is perpetual unless otherwise legally terminated.

ARTICLE III. CORPORATE PURPOSES

The objects and purposes of this corporation and the powers which it may exercise are as follows:

A. The corporation is organized for the purpose of establishing an association for all persons owning houses and/or lots in Shoals Creek Estates, as the same appears of record in Plat Book 6, Page 284, Lauderdale County Probate Office.

And, in furtherance of this purpose, to:

- i. Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the protective covenants and restrictions (hereinafter called the "Covenants") recorded at Mierliche 98-234, Frames 45 et seq., Lauderdale County Probate Office, and all amendments thereto hereafter made.

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ii. To establish, levy, collect and enforce payment by any lawful means, all dues, charges or assessments and liens pursuant to the terms of the Covenants and By-Laws of the Association; to pay all expenses in connection therewith and all office and other expenses incidental to the conduct of the business of the Association, including all licenses, taxes or other charges levied or imposed against the property of the Association;

iii. To maintain all common areas of Shoals Creek Estates Subdivision, including, but not limited to, entrance way, entrance sign, landscaping and lighting of the common areas, tennis courts, and swimming pool;

iv. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise, dispose of real or personal property in connection with the affairs of the Association; and

v. Dedicate, sell, convey or transfer all or any part of the streets, roads, rights of way or common areas to any public or governmental agency, authority or utility for such purposes as are agreed to by two-thirds of the members of the Association; such transfer to be evidenced by recordation of a written instrument executed by the duly authorized officers of the Association

B. The corporation shall possess and exercise all the powers and privileges granted by the Alabama Non-Profit Corporation Act or by any other law of the State of Alabama, existing or hereafter enacted, together with all powers necessary or convenient to the conduct, promotion or attainment of the activities or purposes of the corporation (limited only by the restrictions set forth in these Articles of Incorporation).

C. Anything herein contained to the contrary notwithstanding, the corporation shall not be operated for private profit and no part of the assets or the net earnings of the corporation shall at any time inure to the benefit of any director, officer or other private person, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered, to reimburse expenditures incurred in the performance of their duties by directors and officers and to make payments and distributions in furtherance of the objects and purposes set forth in this Article III.

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Shoals Creek Estates, Mobile, Alabama, County...

D. The foregoing clauses of this Article III shall be construed equally as objects, purposes and powers and the foregoing shall not be construed or held to limit or restrict in any manner the powers of the corporation expressly conferred by law, except as expressly stated.

ARTICLE IV. MEMBERSHIP

All Shoals Creek Estates lot owners shall be members of the Association. The enforcement of the covenants to maintain the quality of the neighborhood is a primary goal of the corporation. Membership shall be pertinent to and may not be separated from ownership of any lot which is subject to assessment by the Association. Every lot owner of record is a member and such owner shall be entitled to one vote for each lot owned. If more than one person is the owner of any lot, the vote shall be exercised as they may agree, but no more than one vote may be cast as to any one lot.

ARTICLE V. DIRECTORS

Full control and management over the activities and affairs of the corporation shall be vested in the Board of Directors. The number of Directors, terms of office, method of election and other matters relating thereto shall be as provided by the By-laws of the Corporation.

The names and addresses of the initial Directors of the corporation are:

Roger Brown 515 Wilhite Street, Florence, AL 35630
Susan P. Cottrell 515 Wilhite Street, Florence, AL 35630

There shall be no personal or individual liability of any member, director or officer for any debts, liabilities or obligations of the corporation of any kind whatsoever.

ARTICLE VI. REGISTERED OFFICE AND REGISTERED AGENT

The initial registered office of the corporation is 515 Wilhite Street, Florence, AL.

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35630 The mailing address of the corporation is 515 Wilhite Street, Florence, AL 35630. The initial registered agent of the corporation is Roger Brown.

ARTICLE VII. BY-LAWS

The Board of Directors may adopt By-Laws to govern the internal affairs of the corporation.

ARTICLE VIII. DISSOLUTION

In the event of dissolution of the corporation, the residual assets shall be disposed of in the manner provided by law.

ARTICLE IX. AMENDMENTS TO ARTICLES OF INCORPORATION

The Articles of Incorporation may be amended from time to time in accordance with the terms and provisions of the Alabama Non-Profit Corporation Act, provided, however, that no such amendment shall be made which would in any way result in the operation of the corporation for the private advantage of pecuniary profit of any director thereof or permit the operation of the corporation for any purpose not permitted pursuant to Article III hereof.

ARTICLE X. INCORPORATORS

The name and address of the sole incorporator of the Corporation is:

Roger Brown 515 Wilhite Street, Florence, AL 35630

IN WITNESS WHEREOF, I, the undersigned, original incorporator, have hereto set my hand as of this 9 day of Sept, 1998.

Roger Brown
ROGER BROWN

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State of Alabama, Florence County

BY-LAWS OF

SHOALS CREEK ESTATES HOMEOWNERS ASSOCIATION

A NON-PROFIT CORPORATION

ARTICLE I. ORGANIZATION

Section 1. NAME AND PRINCIPAL OFFICE. The name of this organization shall be Shoals Creek Estates Homeowners Association, Inc. and the principal office is to be located at 515 Wilhite Street, Florence, AL 35630.

Section 2. CORPORATE PURPOSES. The corporation is organized for the purpose of establishing an association for all persons owning houses and/or lots in Shoals Creek Estates Subdivision; to exercise all of the powers and privileges and to perform all of the duties and obligations of the association as set forth in the protective covenants and restrictions pertaining to the subdivision and filed of record; to establish, levy, collect and enforce payment by any lawful means all dues, charges or assessments and liens, and pay all expenses in connection therewith and incidental to the conduct of the business of the association, including all licenses, taxes or other charges levied or imposed against the property of the association; to maintain all common areas of Shoals Creek Estates Subdivision; to acquire, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the association; and to dedicate, sell, convey or transfer all or any part of the streets, roads, rights of way or common way to any public or governmental agency, authority or utility for such purposes as are agreed to by three-fourths of the members of the association.

ARTICLE II. MEMBERSHIP

Section 1. MEMBERS. All Shoals Creek Estates lot owners shall be members of the association. Membership shall be pertinent to and not separated from ownership of any lot which is subject to assessment by the association.

Section 2. ANNUAL MEETING. The annual meeting of the members shall be held on the second Thursday in the month of January, in each year, beginning with the year 1998, at such time and place as set 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.

Section 3. SPECIAL MEETINGS. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Board of Directors, and shall be called by the Chairman of the Board of Directors at the request of twenty-five percent (25%) of the membership of the corporation.

Section 4. PLACE OF MEETING. The Board of Directors may designate any place as the place of meeting for any annual meeting or for any special meeting of the membership.

Section 5. NOTICE OF MEETING. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than five (5) nor more than forty (40) days before the date of the meeting, either personally or by mail 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 or hers address as it appears in the records of the corporation, with postage thereon prepaid.

Section 6. QUORUM. Twenty-Five percent (25%) of the members of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members. The vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present is necessary for the adoption of any matter voted on by the member unless a greater proportion is required by law, the Articles of Incorporation or any provision of these By-Laws.

Section 7. PROXIES. Every lot owner of record shall be entitled to one vote for each lot owned. If more than one person is the owner of any lot, the vote shall be exercised as they may agree, but no more than one vote may be cast as to any one lot. At all meetings of members, a member may vote in person or by proxy executed in writing by the member or by his or her duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 8. VOTING. Each member shall be entitled to one vote upon each matter submitted to a vote at a meeting of members.

Section 9. TRANSFERABILITY OF MEMBERSHIP. Membership in this corporation is nontransferable and nonassignable.

Section 10. TERMINATION OF MEMBERSHIP. Membership in this corporation will terminate upon transfer of ownership from a member to any third person or entity, whether transfer is voluntary, involuntary or by operation of law.

ARTICLE III. BOARD OF DIRECTORS

Section 1. POWERS. The Board of Directors may have power to:

- (a) Exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the membership by provisions of these By-Laws, the Articles of Incorporation or the Protective Covenants and Restrictions;

- (b) Suspend the voting rights and right to use any recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) Employ a manager, independent contractors or such other employees as they may deem necessary and to prescribe their duties.

Section 2. DUTIES. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all of its acts and corporate affairs and;
- (b) Supervise all agents, officers and employees of this Association, and to see that their duties are properly performed;
- (c) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (d) Cause all officers or employees having physical responsibilities to be bonded, as it may deem appropriate;
- (e) Cause the roads, streets and common areas to be maintained, and to cause all other duties of the Association to be performed insofar as money is available.

Section 3. NUMBER, TENURE AND QUALIFICATIONS. The number of Directors of the corporation shall not be less than two (2) nor more than five (5). The Directors will be initially elected for a term of three years. Each Director will hold office for the term for which elected until a successor has been selected and qualified. The Directors named in the Articles of Incorporation will hold office until the first annual election of Directors. Directors shall be required to be members of the corporation. Any vacancy occurring on the Board of Directors will be filled by a majority of the remaining Board of Directors for the unexpired term.

Section 4. SHOALS GRAPHICS & APPAREL, INC. REPRESENTATIVE. Notwithstanding anything to the contrary contained herein in Articles III and IV, there shall, as long as five or more lots of the subdivision are owned by Shoals Graphics & Apparel, Inc., there will be a representative of Shoals Graphics & Apparel, Inc. on the Board of Directors of the Association. Placement of a representative of Shoals Graphics & Apparel, Inc., upon the Association Board shall be by the procedure herein described: If, following the election of the Board of Directors under and pursuant to the procedures set forth under Article IV below, there are no representatives from Shoals Graphics & Apparel, Inc. elected to said Board, then, in such event, the director receiving the fewest votes for one of the director positions shall be deleted from the list of Directors-Elect and a representative of Shoals Graphics & Apparel, Inc. substituted therefore. Shoals Graphics & Apparel, Inc. shall nominate a representative to be placed on the Board in the event this procedure is employed. If the director representative from Shoals Graphics & Apparel, Inc. is not elected but otherwise appointed under the aforesaid procedure, his or her appointment shall cease upon Shoals Graphics & Apparel,

Inc. failing to own five (5) of more lots in said subdivision. It shall be the prerogative of the President of the Association at such time to remove the director from the Board and appoint a director in place thereof.

Section 5. 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 members. The Board of Directors may provide the time and place for the holding of additional regular or special meetings.

Section 6. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman or any two Directors.

Section 7. PLACE OF MEETING. The Board of Directors may designate any place as the place of meeting for any regular or special meeting of the Board of Directors.

Section 8. NOTICE. Notice of any special meeting shall be given at least five (5) days previously thereto by written notice delivered personally or mailed to each Director at his or her address. Any 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 9. 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.

Section 10. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 11. ACTION WITHOUT A MEETING. Any action required or permitted to 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 12. TERMINATION OF DIRECTORSHIP. A Director's membership on the Board of Directors will be terminated by the occurrence of any of the following events: (a) receipt by the Board of Directors of the written resignation of a Director, executed by such Director or his or her duly authorized attorney-in-fact; (b) a death of Director; (c) failure to maintain membership in the corporation; or (d) failure to attend three consecutive Board meetings (either regular or special meetings).

ARTICLE IV. NOMINATION AND ELECTION OF DIRECTORS

Section 1. NOMINATION. The nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The nominating Committee shall consist of a Chairman, who shall be a member of the Board of

Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. ELECTION. Election to the Board of Directors shall be by written ballot. At such election, the Members or their proxy may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V. OFFICERS

Section 1. NUMBER. The officers of the corporation shall be a Chairman and Secretary/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.

Section 2. ELECTION AND TERM OF OFFICE. The officers of the corporation 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 members. 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 or her successor shall have been duly elected and shall have qualified.

Section 3. REMOVAL. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. VACANCIES. A vacancy in any office 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. CHAIRMAN. The Chairman shall, when present, preside at all meetings of the members of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, 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 corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. THE 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 corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each member; and (e) 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 Chairman or by the Board of Directors.

Section 7. THE TREASURER. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these By-Laws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chairman 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 or hers duties in such sum and with such surety or sureties as the Board of Directors shall determine.

ARTICLE VI - DUES

Section 1. DUES.

- (a) Annual dues shall be used exclusively to maintain the value of the subdivision property, to maintain the common areas, provide lighted streets and common ways, provide necessary insurance coverages, and to contract with such employees or independent contractors as may be necessary to accomplish such objectives.
- (b) Each member of the Association shall be required to pay annual dues to the Association in an amount to be determined by the Board of Directors of the Association. Annual dues shall be assessed on a per member basis and shall be due and payable on January 5th of each and every year beginning January 5, 1999. Dues for calendar year 1999 shall be in the amount of \$100.00 per member.

ARTICLE VII - ASSESSMENTS

Section 1. ASSESSMENTS.

- (a) Each member is obligated to pay the Association annual dues and special assessments. Such special assessments must be passed by a regular or special meeting of the members by a vote of two-thirds (2/3) of the quorum of the members present in person or by proxy. Any dues or assessments which are not paid when due shall be considered delinquent. If the dues or any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per

month, and the Association may bring an action at law against the owner personally obligated to pay the same and any interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his lot or for any other reasons.

- (b) In the event construction of a residence has been commenced but is not completed for a period of one (1) year from the date construction commenced (as determined by the day that supplies or materials were first delivered to the job site, and work has ceased on said construction at the end of said one (1) year period, then, in such event, the lot owner upon which the construction exists shall be subject to a fine equal to \$100.00 per month to be assessed by the Association. The fine shall be in the nature of an assessment on the lot and shall be payable each month following the receipt of written notice from the Association and must be paid within fifteen (15) days following the receipt of said notice. Any fine which remains unpaid following the fifteen (15) day notice period shall be considered delinquent and the Association may bring an action at law against the lot owner personally obligated to pay the same and any interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment.

ARTICLE VIII - 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 corporation, and such authority may be general or confined to specific instances.

Section 2. LOANS. No loans shall be contracted on behalf of the corporation 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.

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 corporation shall be signed by such officer or officers, agent or agents of the corporation 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 corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE IX. FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of January and end on the thirty first day of December in each year.

ARTICLE X. CORPORATE 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 corporation and the state of incorporation and the words "Corporate Seal".

ARTICLE XI. WAIVER OF NOTICE

Whenever any notice is required to be given to any member or Director of the corporation under the provisions of these By-Laws or the provisions of the Articles of Incorporation or under the provisions of the Constitution of Alabama or the Alabama Business Corporation Act, 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 XII. AMENDMENTS

The By-Laws may be amended from time to time in accordance with the terms and provisions of the Alabama Non-Profit Corporation Act; provided, however, that no such amendment shall be made which would in any way result in the operation of the corporation for the private advantage of pecuniary profit of any director thereof or permit the operation of the corporation for any purpose not authorized by these By-Laws or the Articles of Incorporation.

CERTIFICATE OF SECRETARY

The undersigned, Roger Brown, Secretary of Shoals Creek Estates Homeowners Association, Inc. hereby certifies that the foregoing is a true and correct copy of the By-Laws of said corporation. The By-Laws have been in place since the date of incorporation of Shoals Creek Estates Homeowners Association, Inc. and have not been amended in any respect.

This the 5th day of April, 2000.

Roger L Brown

ROGER BROWN

Secretary
Shoals Creek Estates Homeowners Association, Inc.

STATE OF ALABAMA
LAUDERDALE COUNTY
I CERTIFY THIS
INSTR. WAS FILED

APR 13 11 29 AM '00

Dwain D. Mitchell
JUDGE OF PROBATE