

STATE OF ALABAMA

COUNTY OF CHEROKEE

DECLARATION OF PROTECTIVE AND RESTRICTIVE COVENANTS

HIDDEN LAKE AT LOOKOUT MOUNTAIN

Whereas, Lookout Mountain Ranch - CCC, LLC, an Alabama limited liability company (the "Developer") has heretofore acquired certain property in Cherokee County, Alabama, (hereinafter sometimes referred to as the "Subject Property" and "Property"), which is more particularly described on Exhibit "A" attached hereto and is part of Hidden Lake at Lookout Mountain which is, or shall be, a recorded subdivision in Cherokee County, Alabama;

Whereas, Developer desires to establish certain Protective and Restrictive Covenants (the "Declaration") with respect to the Subject Property for the benefit of the property owners in Hidden Lake at Lookout Mountain subdivision as set forth herein; and

Whereas, Developer may elect, in its sole discretion, to submit additional real property to said Protective and Restrictive Covenants;

Now, therefore, Developer does hereby declare that the Subject Property shall hereafter be subject to the following restrictions, conditions, exceptions, liens and protective covenants, to-wit:

ARTICLE I - DEFINITIONS

The following terms, as used in this Declaration shall have the following meanings:

Section 1. ASSESSMENT means a sum or sums of money payable to the Association as authorized in the Articles of Incorporation or Bylaws of the Association.

Section 2. ASSOCIATION shall mean Hidden Lake at Lookout Mountain

Homeowners Association, Inc., a homeowner's association.

Section 3. BOARD OF DIRECTORS shall mean the Board of Directors of the Association.

Section 4. BYLAWS shall mean the Bylaws of the Association.

Section 5. COMMON AREA shall mean the lake, island, easements, roads and improvements set aside or dedicated for the use, enjoyment and benefit of all of its Members. Those portions of the subject property which are designated on any recorded plat or by other written declaration by the Developer as a "Natural Area", "Walking Trail", "Walking Path" or word of similar import, shall be and the same are hereby declared part of the Common Areas.

Section 6. COUNTY shall mean Cherokee County , Alabama.

Section 7. DEVELOPER shall mean Lookout Mountain Ranch - CCC, L.L.C., an Alabama limited liability company, and its successors and assigns if any such successor or assign acquires any right, title or interest in Hidden Lake at Lookout Mountain subdivision, from the Developer for the purpose of development.

Section 8. IMPROVEMENTS shall mean all structures of any kind, including, but not limited to, any building, building addition, fence, accessory building, wall, sign, parking area, alteration, screen enclosure, decoration, landscaping, or landscape device or object, or view corridors.

Section 9. MEMBER shall mean any Owner or member of the Association.

Section 10. OWNER shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Parcel as defined in this Declaration.

Section 11. PARCEL shall mean any parcel or lot of land numerically designated and shown or described in the subdivision plat within the Property, with the exception of the Common Area, as herein defined.

Section 12. PROPERTY shall mean the real property described in Exhibit "A" attached hereto and shall further refer to such additional property as may hereafter be annexed by subsequent amendment to this Declaration.

Section 13. ROAD shall mean any roadway or other thoroughfare which is constructed or dedicated by the Developer within the Property, whether same is dedicated as a street, avenue, boulevard, drive, place, court, road, terrace, way, circle, lane, walk, easement or other similar designation.

ARTICLE II - PROPERTY SUBJECT TO THIS DECLARATION

Section 1. PROPERTY. The property which shall be subject to this Declaration is that property more particularly described in Exhibit "A" attached to and made a part of this Declaration.

Section 2. ADDITIONAL PROPERTY. Developer may, at any time and from time to time, subject additional property to this Declaration. It is anticipated that adjacent property will be developed in the future as part of this subdivision. If so developed, such additional property will also be burdened by this Declaration and Owners will be members of the Association.

ARTICLE III - PROPERTY RIGHTS

Section 1. TITLE TO THE COMMON AREA. Title to the Common Areas within the Property shall be with Developer until such improvements have been constructed as Developer intends and proper conveyance is effected to the Association.

Section 2. WAIVER. Each Member and Parcel Owner expressly waives any claim or cause of action against Developer, Association, their officers and directors for any claim or injury, to person or property, however occurring, to a Member, Parcel Owner, his/her invitees, licensees or guests, occurring on or in the Common Areas.

Section 3. GENERAL EASEMENTS. Each of the permanent and perpetual easements as depicted on the subdivision plat or reserved herein, are hereby reserved and otherwise created and conveyed in favor of the Association, all Members, Owners, the Developer and their respective licensees, invitees, grantees, and assigns and are covenants and servitudes running with the title to the Property:

(a) Utilities. A five foot easement burdening each lot, as measured from the right of way of all roads and common areas for utilities, including, but not limited to, electricity, cable television, telephone, water and wastewater services, drainage, and irrigation systems, or as may be required for utility services, including the maintenance and operation of sprinkler system wells, well sites, and a system for drainage, irrigation and effluent areas in order to adequately serve all or any part of the Property, and all improvements thereon.

(b) Pedestrian and Vehicular Traffic. An easement for pedestrian and vehicular traffic over, through and across the Roads and Common Areas. However, this easement shall not give or create in any person the right to drive or park upon any portion of the Roads, Common Areas or Property not intended or designated by the Association for vehicular traffic or parking.

(c) Emergency Vehicles. An easement for the right of all law enforcement and emergency vehicles, equipment and persons in connection therewith to pass over and

across all portions of the Property to protect and provide services to the Owners and residents.

(d) Easements for the Developer. Easements are hereby reserved throughout the Common Area, including, without limitation, the roadways and the easements shown on the subdivision plat of the Property, by the Developer and Association, for their use and the use of their agents, employees, licensees and invitees, for all purposes in connection with the development, construction, maintenance, marketing and sales of the Property.

(e) Easements for the Association and Developer. The Developer and the Association shall have the right to grant such additional easements or to locate or relocate existing easements throughout the Property as the Developer or the Association may deem necessary or desirable for the proper operation and maintenance of the Property, or any portion thereof, provided that such additional easements or location or relocation of existing easements do not prevent or unreasonably interfere with the Members' and Owners' use or enjoyment of the Property and their lot.

(f) Common Area Lake Walking Path. The Developer reserves a 20 foot wide easement adjacent to the lake for the installation and maintenance of a 5 foot wide Common Area lake walking path for the use and enjoyment of all Members and Owners. The 20 foot easement shall be measured from the high water edge of the lake. Each lake lot owner shall have cooperative input with Developer as to location of the Common Area lake walking path on their lot. The final location of the Common Area lake walking path shall be at the Developer's discretion. No motorized vehicles of any description shall be allowed on the Common Area walking path; save motorized chairs for physically challenged individuals. It is anticipated that the Common Area lake walking path will be constructed on or before November 2006. This Common Area easement shall be conveyed to the Association when title to all other common areas are conveyed to the Association.

(g) Restrictions on Owner Easement. No Owner shall grant any easement upon any portion of the Property to any person or entity.

ARTICLE IV – PERMITTED AND PROHIBITED USES

Section 1. CONSTRUCTION OF BUILDINGS AND OTHER STRUCTURES

(a) Timeframe for Construction. There are no stated or limited dates for any property owner to begin construction.

(b) Site Plan. A preliminary building/construction plan and location of building site must be submitted to the Architectural and Landscape Control Committee for approval. Once the preliminary plan has been approved, a copy of the final plan must be submitted to the Architectural and Landscape Control Committee (hereinafter "Committee") for approval, prior to Owner submitting the final plan to the county building department.

(c) Architectural Theme. It is the intent and desire of the Developer to maintain the subdivision in as natural a state as possible together with a mountain living theme of wood, log or similar material for the construction of dwellings, cabins, cottages and other structures, however, other materials and designs will be considered by the Committee.

(d) Completion. When the construction of any building is once begun, work thereon shall be prosecuted diligently and must be completed within a reasonable time not to exceed twelve months from the day construction has begun.

(e) Site Clean-Up. As soon as construction of any house or other improvement has been completed, the owner of the lot shall clear and remove all stumps, logs, limbs and other debris from the lot unless burial of such material on the lot is approved by the Committee.

(f) Prohibited Construction. No mobile homes, house trailers, double-wides, pre-fabricated homes, modular homes or temporary housing of any type shall be located on any parcel. No exposed concrete block structures or metal buildings shall be permitted. Select and limited pre-split concrete block for foundations and metal roofs may be approved by the Committee. All exterior surfaces must be covered with brick, wood or stucco and exterior colors must be approved by the Committee.

(g) Number of Dwellings. All parcels within the development shall be owned and used exclusively for single family residential purposes. No more than one single-family dwelling shall be constructed on any parcel. However, each property owner may also construct a separate guest house and/or detached garage.

(h) Garages and Accessory Buildings. Free standing garages and accessory buildings may be constructed but shall not be used for permanent or temporary residential purposes. The design of all such garages and accessory buildings and location shall be in keeping with the architectural theme of the house as determined by the Committee.

(i) Size of Dwelling. No dwelling shall be constructed having a floor area exclusive of garage, covered walks and open porches of less than one thousand (1,000) square feet. Exceptions to this square footage minimum may be granted by the Committee in special circumstances. The dwelling shall have a height of no more than 25 feet above existing grade on lake front lots and no more than 30 feet for the remainder of the lots. Exceptions to this height restriction may be granted by the Committee. Such exceptions shall only be valid following written application together with detailed plans and the written approval of the Committee. Any exceptions shall be in maintaining the architectural theme as determined by the Committee.

(j) Gated Community. The subdivision is intended to be a gated community and the access of Owners, Members, guests, invitees and others may be restricted by such rules and regulations as may be established by the Developer and Association. Such restrictions may include the erection of an electric gate with key pad, remote control, electric “eye” or other coded operation.

(k) Limited Access. Access to a lot or parcel shall be only by the platted drive or private road to be installed by Developer. Lots 1,2,44,45,46,47,48,50, 51,52,58,59 and 61 are restricted from direct access to Cloudland Road or Cherokee County Road 103.

(l) Location of Dwelling. While the actual location of a dwelling, building, structure wall, or other improvement must first be approved by the Committee, generally, no improvements shall be constructed closer than 50 feet from a Road; 75 feet from Hidden Lake; 35 feet from an adjoining lot or Common Area; 35 feet from Cloudland Road; or 75 feet from the border of the subdivision. The Committee may grant exceptions to this provision under special circumstances. Such exceptions shall only be valid following written application together with a detailed site plan and the written approval of the Committee.

(m) Private Recreational Facilities. Recreational facilities such as swimming pools, tennis courts, playhouses and similar structures shall be within the setback lines and must be screened from abutting or adjacent building sites and public or private roads by approved landscaping and/or environmentally and architecturally approved barriers.

(n) Utilities. The Developer is providing underground electrical service to junction boxes as designated and installed by Cherokee Electric Cooperative. Such electrical service will be complete on or before June 2006. Each lot owner shall, at their sole cost and expense, run electrical from the junction box to the dwelling. All such connections shall be underground from the junction box to the dwelling. No above ground wiring will be permitted – including telephone/television cable. Satellite dishes and/or television antennas will not be larger than the typical or standard size normally installed on residential properties.

Section 2. Vehicles. All trucks, trailers, boats, boat trailers, recreational vehicles, ATV's or vehicles of any nature except cars, pick-up trucks and vans kept on or stored on any part of the property for more than thirty days of any year shall be screened in such a way as not to be obviously visible from the road or adjoining property, except during the construction phase of any building. All automobiles, trucks, motorcycles, ATVs and other vehicles shall be muffled in such a way that their operation within the subdivision does not constitute a nuisance. No inoperable vehicles will be allowed to be parked on a lot for more than thirty (30) days. No vehicles will be allowed on any lot on jacks or blocks or hanging from trees or “A” frames for more than three (3) days. Speed limits for automobiles and

vehicles shall be established by the Association. Parking of vehicles on the Roads or within the right of way of the Roads is prohibited.

Section 3. Signs and Mailboxes. No sign shall permanently be displayed or placed upon any part of the property except a sign identifying the residence and owner, the dimensions and design of which shall be subject to the regulations of the Committee. Mailboxes shall comply in dimension and design to regulations of the Committee.

Section 4. Domestic Animals. Household pets, such as dogs and cats, may be kept or maintained solely as pets for the pleasure and use of the occupants/owners but not for any commercial use or purpose. Owners shall not have more than two dogs and/or two cats. Kennels, pens or other facilities wherein such pets are kept shall be set back from property lines and adequately screened so as not to be a nuisance to the residents of abutting or adjacent lots. Pets must be kept reasonably controlled or restrained (especially in common areas), so as not to be a nuisance to others, i.e. no excessive barking, no offensive smells, etc. Pet owners will immediately clean up after their pets in the common areas. No animal or fowl husbandry, commercial or non-commercial, shall be conducted on the property.

Section 5. Hunting and Firearms. Hunting or trapping of any kind is strictly prohibited, regardless of method used to hunt. Likewise, discharge of firearms within the subdivision is strictly prohibited except for valid safety and/or security reasons.

Section 6. Cleanliness of Property. No weeds, garbage or refuse piles, trash or other unsightly objects shall be allowed to be placed or suffered to remain on any part of any lot, including vacant building sites. No property owner will do or permit to be done any act upon his/her property which may be or is or may become a nuisance to other property owners or residents. Burning or burying of household garbage is strictly prohibited.

Section 7. Division of Property-Combined Lots. No lot or tract in the subdivision shall be further subdivided by any owner. However, the owners shall have the right to adjust the boundary lines between their lot and adjoining lots as long as no new lots are created. Two or more lots may be combined for the purpose of creating a larger parcel. In such instances, the set back requirements of Article IV (I) shall not apply to the common boundary of such combined lots. The Owner of such combined lots shall continue to be entitled to one vote as a Member in the Homeowners Association for each lot originally purchased.

Section 8. Use of Property. No lot shall be used for any commercial purpose, including, but not limited to public campsites.

Section 9. Lake, Island and Docks

(a) The lake and island are common areas and are intended for recreational fishing, swimming, canoeing, kayaking and use by all Owners and Members. Only small fishing boats, canoes, kayaks and paddle boats are allowed on the lake. The only boat motor allowed shall be an electric trolling motor. No boat houses, boat hangers or housing for boats will be allowed on the lake. The designated walking path adjacent to the lake is also a common area and intended for every Owner's and Member's use and enjoyment.

(b) All boat docks must be constructed in accordance with the standards set by the Committee. The Committee must approve the dock before construction begins. Docks must be floating and no larger than 200 square feet. The floats must be constructed of styrofoam, black manufactured flotation compartment (not white – dark colors only) or similar material and color. No barrels are permitted.

Section 10. Fences. Fences of a design and nature consistent with the architectural theme may be erected following written approval by the Committee. No such fence shall encroach upon other Lots, the right of way of the Roads or the Common Areas or Common Area Lake Walking Path.

Section 11. Other Provisions.

(a) No outdoor or security lighting shall be permitted unless it is designed and located in such a way as to cast substantially all of the light within the building site wherein it is located. Lamp devices at the entrance to driveways that are not objectionable may be utilized and/or lighted driveways are permissible.

(b) All propane tanks and other such tanks shall be either screened from the road and adjoining lots or buried.

(c) No tents or campers may be erected or used for permanent habitation on any lot except during construction, however, such may not be habited by any workers.

ARTICLE V - ASSOCIATION

Section 1. Association. Each parcel owner, by acceptance of his/her deed shall become a Class A (non-voting) member of Hidden Lake at Lookout Mountain Homeowners Association, Inc. for the purpose of maintaining the standards and enforcing the restrictions contained in the Declaration and for such additional purposes as its membership shall from time to time deem necessary or proper. The Association shall have, in addition to those powers and authority contained elsewhere in the Declaration, and not by way of limitation or restriction, the following powers and authority:

(a) To enforce the covenants contained herein.

(b) To maintain and provide for the common areas within the development.

(c) To establish gated and restrictive access and rules and regulations concerning same and to provide for the common protection and security of the subdivision.

(d) To assess and collect from the members such sums as may be necessary or proper to maintain the entrance and signs, and to pay ad valorem taxes, insurance and maintenance of the common areas.

(e) Assessments and charges, if not paid within thirty (30) days following notification shall constitute a lien on the subject parcel which lien shall also secure all costs including reasonable attorney fees incurred by the Association in connection with the collection of the assessment or enforcement of the lien. Such liens shall also secure interest and any charges and late fees due and owing on any delinquent Assessment, as may be determined by the Board. A Member may not waive or otherwise avoid liability for the assessments provided for herein by non-use of the Common Area(s) or by abandonment of its Parcel or the Common Area(s).

(f) The Association shall have the power and authority to adopt rules and regulations by a seventy-five percent (75%) vote of the members, then entitled to vote, which shall be binding and enforceable against all of the members.

(g) Developer may convey the roads and common areas to the Association and shall have no further responsibility for the maintenance of any signs, lake, walkway around the lake, boat docks, spillway, dam, lake accoutrements, common areas, or payment of county taxes or property taxes or property and liability insurance. Such responsibility shall be the sole responsibility of the Association.

Section 2. WAIVER. Each Member and Parcel Owner expressly waives any claim or cause of action against the Association, its Officers and Directors for any claim or injury, to person or property, however occurring, to a Member, Parcel Owner, his/her invitees, licensees or guests, whether occurring on the property or elsewhere.

ARTICLE VI - MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. Each Parcel owner shall automatically become a Class A Member of the Association upon acceptance of his/her deed. Membership shall be mandatory and may not be terminated by Member/Owner.

Section 2. VOTING. Only Class B Members shall have voting rights. Upon cancellation of the Class B memberships, each platted parcel owner or Class A Member shall have one vote for each Parcel owned by the Member. The Developer shall have one (1) vote for each Parcel owned by the Developer. Votes shall be cast or exercised by each Member in accordance with the Bylaws of the Association.

ARTICLE VII - RIGHTS, DUTIES AND OBLIGATIONS

Section 1. RIGHTS, DUTIES AND OBLIGATIONS OF THE ASSOCIATION. The rights, duties and obligations of the Association shall include the following:

- (a) To maintain, repair and replace, where appropriate, at the Association's expense, all portions of the Common Area;
- (b) To preserve and enhance the natural beauty of the Subdivision;
- (c) To operate, govern, administer and manage the Common Area;
- (d) To control any modifications, alterations, improvements, additions or changes to existing structures and the open space, if any, appurtenant thereto in order to preserve and maintain an integrated architectural design within the Property;
- (e) To make and collect Assessments, of any type, in accordance with the terms of this Declaration;
- (f) To provide, purchase, acquire, replace, improve, maintain and/or repair such buildings, structures, landscaping, paving and equipment for the Common Area;
- (g) To operate without profit for the sole and exclusive benefit of its Members and Owners;
- (h) To assure that the provisions of the Declaration are duly enforced;
- (i) To do and perform all such other acts and things permitted and to exercise all powers granted to a corporation, not for profit under the laws of the State of Alabama;
- (j) To promulgate and enforce such Rules and Regulations consistent with this Declaration, as it may deem to be in the best interests of its Members.

Section 2. IMPLIED RIGHTS. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it in this

Declaration, by Alabama law or reasonably necessary to effectuate any such right or privilege.

ARTICLE VIII - ARCHITECTURAL AND LANDSCAPE CONTROL COMMITTEE

Section 1. Committee Members. The Architectural and Landscape Control Committee (hereinafter "Committee") shall consist of three members. The initial members of the Committee shall be James W. McDonald, Jr., Tina McDonald and Jamye McDonald. Thereafter, members shall be appointed by the majority vote of the Members of the Association, then entitled to vote, for a term of one year.

Section 2. Site/Building Plans. All plans for any and all buildings and any additions to existing structures including the lot landscaping plan which will include any tree removal, all walls, fences, swimming pools, tennis courts and recreational facilities must be presented to and approved by the Architectural and Landscape Control Committee in writing at least 90 days prior to the commencement of any construction. The approval by the Committee shall not be unreasonably withheld. It is the intent of Developer to leave lots as natural as possible, which means that tree removal should be minimal. No clear cutting of lots is permitted and no open or cleared lots will be allowed.

Section 3. Plan Reviews. The Committee shall approve or disapprove plans submitted to it within thirty (30) days after an application has been made to the Committee, or if it fails to act within the said thirty days, the application shall be deemed to have been approved.

ARTICLE IX - MAINTENANCE

MAINTENANCE OF THE COMMON AREA. The Association shall be responsible for the maintenance and repair of the Common Area.

ARTICLE X - ASSESSMENTS AND LIEN

Section 1. AUTHORITY OF ASSOCIATION. The Association, through its Board of Directors, shall have the power and authority to make and collect Assessments as set forth in this Article.

Section 2. GENERAL ASSESSMENT. General assessments shall be determined annually for the purpose of maintenance and management of the Association and Common Areas. Without limiting the foregoing, general assessments may be used for the payment of operation, maintenance and management of the Association and the Common Area, property taxes, insurance, legal and accounting fees, maintenance of easements, the creation of reasonable reserves, and all other expenses deemed by the Association to be necessary for management, maintenance, repair, operation and enforcement.

Section 3. BASIS AND COLLECTION OF GENERAL ASSESSMENTS. The Association shall annually estimate the expenses it expects to incur and shall assess its Members sufficient monies to meet this estimate. All Members shall be assessed at a uniform rate based upon the number of Parcels governed by the Association. General assessments shall be collected in advance, monthly, quarterly or otherwise.

Section 4. INCEPTION AND CAP. No General Assessments or Association dues shall be assessed to Members prior to January 1, 2006. The 2006 General Assessment shall be \$250.00 per parcel. The amount of the General Assessment shall not increase more than 10% from the amount of the General Assessment of the previous year. The General Assessment shall be prorated for any partial year remaining from the time a Class "A" Member closes on his/her lot.

Section 5. SPECIAL ASSESSMENTS. The Association, shall have the power and authority to levy and collect a special assessment from Members for all reasonable purposes including, but not limited to, the following: the acquisition of property by the Association; the cost of construction, reconstruction, unexpected repair or replacement of a capital improvement, including the necessary fixtures and personal property related thereto; and the expense of indemnification of each Director and Officer of the Association. A special assessment shall be collectable in such manner as the Association shall determine. A special assessment shall require the approval of all classes, then existing, of Members of the Association, to be obtained at a duly convened regular or special meeting at which a quorum exists as defined in the Bylaws and which is called at least in part to secure this approval. Approval shall be by an affirmative vote of two thirds (2/3) of the votes of each class of members.

Section 6. DEVELOPER. Until such time as the Class B membership has terminated, the Developer shall not be required to pay general or special assessments. Upon the termination of the Class B membership, Developer shall be assessed the same sum per parcel as may be assessed by the Association to Member/Owners.

Section 7. EFFECT OF NON-PAYMENT OF ASSESSMENTS. The Association is granted the right to impose a lien upon a parcel and improvements thereon, in the event a member fails to pay his/her Assessment. Such liens shall also secure interest, late fees, and attorney fees owing on any delinquent Assessment. In the event of a default in payment of an Assessment, the Association is granted the right to accelerate the balance of the calendar year's Assessment and to consolidate said balance with any delinquent amount. The lien for Assessments shall be a charge on the land and a continuing lien upon the Parcel against which each such Assessment is made.

(a) Interest and Late Fee. An Assessment which is not paid when due shall bear interest from the date when due at the highest rate allowed by law per annum until paid.

A late fee of 5% of the assessment shall be imposed for any Assessment not paid within 30 days of the due date.

(b) Waiver. A Member may not waive or otherwise avoid liability for Assessments by non-use of the Common Area or by abandonment of its Parcel.

Section 8. ASSESSMENTS SUBORDINATE TO INSTITUTIONAL MORTGAGE AND AD VALOREM TAXES. The lien for assessments shall be subordinate and inferior to any lien or assessment for State or County ad valorem taxes. The lien for assessments shall further be subordinate and inferior to any recorded institutional mortgage. The written statement of Association that a lien of the Association is subordinate to a mortgage, deed in lieu of foreclosure, or other sale or transfer of a Parcel to the holder of an institutional mortgage or its designee or assignee shall be dispositive of any question of subordination. Such subordination, however, shall apply only to assessments which have become due and payable prior to a final sale or transfer of the mortgaged Parcel pursuant to a decree of foreclosure of the mortgage, deed in lieu of foreclosure or other transfer of a Parcel to a Mortgagee or its designee or assignee in cancellation of the mortgagor's debt on such Parcel. No sale or transfer shall relieve any Parcel from liability for any assessment becoming due thereafter, nor from the lien of any subsequent assessment.

ARTICLE XI - REMEDIES, WAIVER AND SEVERABILITY

Section 1. REMEDIES FOR VIOLATIONS. Violation or breach of any condition, restriction or covenant contained in this Declaration shall give to the Association or any aggrieved Members or Owners, jointly and severally, in addition to all other remedies prescribed herein, the right to proceed at law or in equity to compel compliance with the terms of said conditions, restrictions or covenants, and/or to prevent the violation or breach of any of them. The expense of such litigation shall be borne by the party that was in violation of this Declaration or a part thereof. Expenses of litigation shall include, but not be limited to, reasonable attorney's fees incurred by the party or parties in seeking such enforcement.

(a) Fines/Penalties. The Board may impose a fine or penalty on any Member, Owner or occupant of a Parcel who does damage to the Common Area or for willful breach of prohibited activities after notice and opportunity to remedy, as provided for in this Article, or may charge such Member, Owner or occupant for all expenses incurred by the Association to repair or replace the Common Area. For the purpose of this Article, whenever a family member, guest, invitee, lessee, employee or agent of a Member or Owner causes such damage to the Common Area, or otherwise commits an act which constitutes a prohibited activity, the Member or Owner shall be deemed to have caused such damage. Any fine imposed in accordance with this Section shall be a personal obligation of the Member or Owner and shall constitute a charge against its Parcel until paid.

(b) Restriction Violations. In addition to the foregoing right, the Association shall have the right, whenever there shall have been built on any Parcel any structure or improvement which is in violation of these restrictions, to enter in and upon the said Parcel

where such violation exists and summarily to abate or remove the same at the sole expense of the Member or Owner. Entry and abatement may be made only after the Association has complied with the requirements of Section 4 of this Article. If the Association determines that a violation of these restrictions exists, entry and abatement or removal shall not be deemed a trespass, express easement by the Member or Owner being hereby granted.

(c) Suspension of Voting Rights. The Association, shall have the authority to suspend the voting rights or suspend for a reasonable period of time the right to use the Common Areas by any Member, Owner or occupant, (hereinafter in this Article "Member") who violates the terms of this Declaration, as same may be established. The imposition of fines, suspension of voting rights, or suspension of rights to use the Common Areas shall only be made in accordance with the terms of Section 4 of this Article.

Section 2. WAIVER AND FAILURE TO ENFORCE. Each and all of the covenants, conditions, restrictions and agreements contained in this Declaration shall be deemed and construed to be continuing. The extinguishment of any right or power contained in this Declaration shall not impair or affect any of the covenants, conditions, restrictions or agreements so far as any future or other breach is concerned. Failure to enforce any building restriction, covenant, condition, obligation, reservation, right, power or charge contained in this Declaration, however long continued, shall in no event be deemed a waiver of the right to enforce such covenant as to the breach of violation. Failure to enforce same shall not give rise to any liability on the part of the Association with respect to parties aggrieved by such failure.

Section 3. SEVERABILITY. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. PROCEDURE TO BE FOLLOWED IN THE EVENT OF VIOLATION OF CERTAIN COVENANTS OF THIS DECLARATION. The Association shall not impose a fine (a late charge does not constitute a fine), or suspend voting rights of a Member, unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served by the Association or its authorized delegate upon the Member allegedly in violation and which shall specify the following by US Mail or by personal delivery to such Member:

- (i) The alleged violation;
- (ii) The action required to abate the violation; and
- (iii) A time period, of not less than ten (10) days, during which the violation may be abated without further sanction, if such violation

is a continuing one, or a statement that any further occurrence of the same violation may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Association shall serve the Member allegedly in violation with written notice as stated above of a hearing to be held by the Association or Covenants Committee. The notice shall specify:

- (i) The nature of the alleged violation;
- (ii) The date of the demand letter with a copy enclosed;
- (iii) The time and place of the hearing, which time shall not be less than fourteen (14) days from the date of the notice;
- (iv) An invitation to attend the hearing and produce any statement, documents, evidence and/or witnesses on its behalf; and
- (v) The proposed sanction to be imposed.

(c) Hearing. The hearing shall be held pursuant to the notice by a committee which shall consist of at least three (3), all of whom shall be appointed by the Board of Directors (the "Covenants Committee"), and shall afford to the Member reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if the copy of the notice together with a statement of the date and manner of delivery is entered by the Officer, Director, or agent who delivered such notice. Delivery in U.S. mail shall be presumed to be good delivery. The notice requirement shall be deemed satisfied if the Member allegedly in violation appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. A majority vote of those members of the Covenants Committee present at the meeting shall be required for all actions taken by such committee.

(d) Appeal. Following a hearing before the Covenants Committee, the alleged violator or aggrieved party shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Association within thirty (30) days after the hearing date. Upon receipt of such notice of appeal by the Board, the Board shall have thirty (30) days to affirm or overrule the actions taken by the Covenants Committee.

ARTICLE XII - DEVELOPER'S RIGHTS

DEVELOPER'S RIGHTS. The Developer reserves to itself, and the grantee of any Parcel agrees, by acceptance of a deed of conveyance, that the Developer shall have the following rights, without limitation or qualification or the necessity of consent or approval by the Members, so long as the Developer owns any property in the subdivision:

(a) Plat. The right to plat, replat, or withdraw any area of any platted area from the Property subject to this Declaration, provided that the Developer owns all such property, or add any area to the Property by subsequent amendment;

(b) Easements. The right to establish easements for itself over any property which is owned by the Developer;

(c) Sales Operations. The right to conduct the development, marketing, sale and servicing of property in the Subdivision;

(d) Non-interference. The right to finish construction/development on Parcels without interference from any Owner, Member or the Association. The Association and each Member acknowledges that construction/development and its accompanying noise, dirt, and other minor disturbances will continue and agrees that they shall not pursue any course of action or conduct that would hinder, impede or impose additional obligations on Developer during the course of completion of construction/development of the subdivision.

(e) Scrivener's Errors. The right to amend this Declaration to correct any scrivener's errors.

ARTICLE XIII - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Every Director and Officer of the Association, shall be indemnified by the Association against all expenses and liability, including attorneys' fees, incurred by or imposed upon him or her in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her being or having been a Director or Officer, whether or not he or she is a Director or Officer at the time such expenses are incurred, except in such cases where the Director or Officer, is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided, however, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to, but not exclusive of, all other rights to which such Officer or Directors, may be entitled.

ARTICLE XIV - GENERAL PROVISIONS

Section 1. AMENDMENT. This Declaration may be amended in the following manner by the affirmative vote of the Members, then entitled to vote, holding not less than seventy-five (75%) percent of the voting power.

Section 2. ASSIGNMENT. All of the rights, powers, obligations, easements and estates reserved by, or granted to the Association may be assigned by the Association by the affirmative vote of the Members, then entitled to vote, holding not less than seventy-five (75%) percent of the voting power. After such assignment, the assignee shall have the same rights and powers, and be subject to the same obligations and duties as was the Association prior to the assignment, and the Association shall be relieved and released of all obligations with respect to such rights, powers, obligations, easements or estates arising after such an assignment.

Section 3. OWNER'S ACCEPTANCE. Every Owner, by virtue of his or her acceptance of the deed of conveyance to his or her Parcel and other parties by virtue of their occupancy or use of any part of the Property, hereby approve all of the terms and conditions, duties and obligations contained in this Declaration and in the Articles and Bylaws of the Association and agree to conform to and abide by same.

Section 4. HEADINGS. The headings contained herein are for ease of reference only, and do not constitute substantive provisions of this instrument.

Section 5. RESTRICTIONS PREVAIL OVER LESS STRINGENT GOVERNMENT REGULATIONS. Where the covenants and restrictions set forth in this Declaration, as amended, impose minimum standards in excess of government building or zoning regulations, these covenants and restrictions shall prevail.

Section 6. EFFECTIVE DATE OF THIS DECLARATION. This Declaration shall become effective upon its recordation in the Office of the Probate Judge of Cherokee County, and shall be construed in accordance with the laws of the State of Alabama.

ARTICLE XV - TERM

All of the covenants, restrictions and other provisions of this Declaration shall run with and bind the Property for a term of twenty-five (25) years from the date of recordation of this Declaration, after which time they shall be automatically extended for successive periods of ten (10) years each, unless an instrument executed by at least seventy-five (75%) percent of the votes of the Members, then entitled to vote, has been recorded, agreeing to change or terminate these covenants and restrictions.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed in its name by its duly authorized officers, and its corporate seal to be hereunto affixed, this _____ day of December, 2005.

DEVELOPER:

LOOKOUT MOUNTAIN RANCH – CCC, LLC,
An Alabama limited liability company

By: _____
Tina McDonald, Manager/Member

By: _____
James W. McDonald, Jr., Manager/Member

STATE OF ALABAMA)

COUNTY OF DEKALB)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized to take acknowledgments, personally appeared Tina McDonald and James W. McDonald, Jr. as Managers/Members of Lookout Mountain Ranch – CCC, LLC, an Alabama limited liability company and who have acknowledged before me that they executed the foregoing instrument in the name of and on behalf of said company.

WITNESS my hand and official seal in the County and State aforesaid, this ____ day of December, 2005.

Notary Public State of Alabama at Large
My Commission Expires: _____