

STATE OF ALABAMA

COUNTY OF HOUSTON

DECLARATION OF RESTRICTIVE COVENANTS
FOR CLAYTON PLACE SUBDIVISION

WHEREAS, Diversified Real Estate Development, Inc., is the owner and developer of certain lots known as Lots 1 through 13, inclusive, Block “A”, Lots 1 through 15, inclusive, Block “B”, Lots 1 through 14, Block “C”, and Lots 1 through 17, inclusive, Block “D”, of Clayton Place Subdivision, as shown by the plat of said subdivision recorded in Plat Book____ at Page _____, in the Office of the Judge of Probate of Houston County, Alabama, and

WHEREAS, Diversified Real Estate Development, Inc., desires to subject said Lots 1 through 13, inclusive, Block “A”, Lots 1 through 15, inclusive, Block “B”, Lots 1 through 14, Block “C”, and Lots 1 through 17, inclusive, Block “D”, to and impose upon said lots mutual and beneficial restrictions, covenants, easements, terms, conditions, and limitations (hereinafter collectively referred to as “Restrictions”) for the benefit of all the lots in said subdivision and for the benefit of the future owners of said lots.

NOW, THEREFORE, Diversified Real Estate Development, Inc., does hereby proclaim, publish and declare that all of said lots are subject to the following restrictions, which shall run with the land and shall be binding upon Diversified Real Estate Development, Inc., and upon all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to such restrictions. The restrictions contained herein shall apply only to lots in Clayton Place, and shall not apply to any other land owned or that may become owned by Diversified Real Estate Development, Inc., even though such land may be contiguous with the land described above.

ARTICLE 1

MUTUALITY OF BENEFIT AND OBLIGATION

Section 1.1 The restrictions and agreements set forth herein are made for the mutual and reciprocal benefit of each and every lot in the subdivision and are intended to create mutual, equitable servitude upon each of said lots in favor of each and all the other lots therein, to create a privity of contract and estate

between the grantees of said lots, their heirs, legal representatives, successors and assigns.

ARTICLE II **EASEMENTS**

Section 2.1 Each owner of a lot in said subdivision shall have a general easement upon, over and across all streets, drives and pedestrian walkways for the purpose of ingress and egress to and from said owner's lot.

Section 2.2 A general easement upon, across, over and under said lots is hereby granted and permitted for the purpose of ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, telephones, and electricity and for the purpose of rear door service for the purpose of trash and garbage removal.

ARTICLE III **GENERAL PROHIBITIONS AND REQUIREMENTS**

Section 3.1 Each lot owner shall 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.

Section 3.2 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 lots or the accumulation of rubbish or debris thereon. In order to implement effective control of this item, Diversified Real Estate Development, Inc., reserves for itself and its agents and assigns, the right, after ten (10) days notice to any lot owner, to enter upon any residential 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 Diversified Real Estate Development, Inc., distracts from the overall beauty and safety of the subdivision. Such entrance upon such property for such purposes shall be only between the hours of 8:00 A.M. and 6:00 P.M. on any day except Sunday and hereby declared not to be a trespass. Diversified Real Estate Development, Inc., may charge the owner of said lot a reasonable cost for such services, which charge shall constitute a lien upon such lot enforceable by appropriate proceedings at law or equity. The

provisions of this paragraph shall not, however, be construed as an obligation on the part of Diversified Real Estate Development, Inc., to mow, clear, cut or prune any lot nor to provide garbage or trash removal services.

Section 3.3 No animals, livestock, or poultry of any kind or description, except the usual household pets, shall be kept on any lot, provided that no household pet may be kept on any lot for breeding or commercial purposes and no household may maintain more than one dog and one cat (or two of one or the other) for more than ninety (90) days.

Section 3.4 No noxious, offensive or illegal activities may be carried on upon any lot nor common areas nor shall anything be done on any lot which may be or may become an annoyance or nuisance to the neighborhood. Specifically, without limitation, there shall be no on-street parking and no junk cars shall be stored on any said lots. All such vehicles must be repaired to a running condition within thirty (30) days or removed at the expense of owner.

Section 3.5 No water pipe, gas pipe, sewer pipe or drainage pipe shall be installed or maintained on any lot upon the surface of the ground except hoses and moveable pipes used for irrigation purposes.

Section 3.6 No trash, garbage or other refuse shall be dumped 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, 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 Diversified Real Estate Development, Inc., or its successors so as not to be visible from any street or within sight distance of an adjoining lot at any time except during period of refuse shall be permitted. Violation of this subsection of these covenants shall subject the owner of the lot to the penalty of a stipulated liquidated damage sum of \$50.00 for each day during which said such violation continues. The recovery of such damages shall be available to Diversified Real Estate Development, Inc. or to any owner of the other lots subject to these covenants except that the violator shall not be required to pay damages to more than one (1) person or entity for any one such violation. Construction trash shall be exempt from this section, but must not be left on site for

more than 30 days.

Section 3.7 All signs, billboards or advertising structures of any kind are prohibited except builder or subcontractor signs during construction periods and except one (1) professional sign of not more than three (3) square feet to advertise the property during sale period. No sign shall be permitted to be nailed or attached to trees.

Section 3.8 Except for construction trailers, not structure of a temporary character, mobile home, recreational vehicle, 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 of occupancy, or other satisfactory evidence of completion is received by the owner or contractor from the Building Official of the City of Dothan. In addition, no accessory structures, such as storage sheds or buildings, shall be allowed.

Section 3.9 No fence, wall, hedge or shrub planting which obstructs site lines shall be placed or permitted to remain on any lot except the privacy fence around back yard. In no event may a fence of any type be placed on any lot except in the rear yard.

Section 3.10 No boat, boat trailer, house trailer, mobile home, camper, or similar equipment or vehicle shall be parked or stored on any road, street, parking lot, yard or lot located in the subdivision for any period of time in excess of forty-eight (48) hours. No trucks larger than three-fourths ($\frac{3}{4}$) tons GVW and no tractors or other excavating machinery shall be parked or stored on any road, street, parking lot, yard or lot located in the subdivision for any period in excess of twenty-four (24) hours except during the period of construction on the lots.

Section 3.11 No profession, business, home industry, school, kindergarten or educational enterprises shall be conducted on any lot. No owner or occupant of any dwelling erected on any lot shall ever rent or lease rooms, but such restrictions shall not be construed to prevent the rental of an entire residence to a family unit nor the employment of live-in domestic servants.

ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEE AND REQUIREMENTS OF CONSTRUCTION

Section 4.1 It is intended that the subdivision development will be a residential community of

high

esteem and of first-class quality and an architectural committee is hereby established for the purpose of reviewing plans and the inspection of building construction to insure quality of construction, compatibility of design and appearance between townhouses and townhouse units and the harmony of appearance with the neighborhood and the natural environment.

Section 4.2 The Architectural Control Committee (hereinafter referred to as the “Committee”) shall be composed of not less than three (3) members. Regardless of the number of the Committee, which number shall be established by Diversified Real Estate Development, Inc., at least a majority of the membership of the Committee shall be composed of owners of lots in the subdivision; provided, however, that Diversified Real Estate Development, Inc., hereby 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 subdivision until Diversified Real Estate Development, Inc., elects to terminate its control of the committee. After the termination of control of the Committee by Diversified Real Estate Development, Inc., the then record owners of a majority of the lots in said subdivision shall have the power to change the membership of the Committee or to withdraw from the Committee or to restore to it any of its powers or duties. Any such changes shall be made through a duly recorded written instrument. Neither the members of the Committee, not its designated representatives, shall be entitled to any compensation for services performed pursuant to this covenant. A majority of the Committee may designate one or more representatives to act for it and in its behalf.

Section 4.3 The primary duty of the Committee Shall be to examine and approve or disapprove all plans, including site plans, for the construction of improvements on lots within the subdivision in accordance with the provisions of these covenants. In addition, the Committee shall be responsible for inspection of all construction. The Committee shall have such other responsibilities, duties and authority as provided for, but the Committee shall not have any responsibility, duty or power not expressly provided for herein.

Section 4.4 All plans and specifications for any structure or improvement whatsoever to be erected on or to any lot, and the proposed location thereof on any lot or lots, the construction material,

the roofs, any later changes or additions after initial approval thereof any exterior remodeling, reconstruction, alterations or additions thereto on any lot shall be subject to and shall require in writing of the Committee before any work is commenced. Construction may not be started before receipt of a Letter of Approval of the Committee, a copy of which must be signed by the builder or owner and returned to the Committee for retention.

Section 4.5 One set of prints of the drawings and specifications (hereinafter 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 shall be delivered to the general office of Diversified Real Estate Development, Inc., at least ten (10) days prior to commencement of construction. Each plan must include the following:

- (a) All plans for structures shall be not less than one-eighth inch equals one 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 shall exist after finish 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 outline and setbacks.
- (f) All plans must include a summary specifications list of proposed materials and samples of exterior materials which cannot be adequately described and of all materials with which the Committee is unfamiliar.

Section 4.6 All construction must be inspected by the Committee or by the City of Dothan and inspection must be obtained at the following stages before proceeding to the next stage of construction:

- (a) Before pouring of slab;
- (b) After completion of framing;
- (c) At the completion of construction.

ARTICLE V

PARTY WALLS

Section 5.1 The term “party wall” as used herein shall mean and refer to the entire wall, from front to rear, all or a portion of which is used for support or firewall protection between each adjoining townhouse intended to be situated in the boundary line between the adjoining lots and townhouses. The owner of each lot shall own that portion of the party wall lying within his lot. Each owner having a party wall shall hereby be granted a mutual reciprocal easement for repair or replacement of said party wall. No owner shall commit or omit any act, the result of which is an infringement of the adjoining townhouse owner’s rights in the party wall absent written agreement between such owners. In the event that any portion of any structure, including any party wall or adjoining townhouse or townhouse lot, such structure shall not be deemed to be an encroachment upon the adjoining townhouse or lot. No owner shall either maintain any action for the removal of a party wall or projection or any action for damage because of such protrusion. In the event there is such a protrusion, it shall be deemed that said owner has granted an easement to the adjoining owner for continuing maintenance and use of the projection or party wall. The foregoing provision shall apply only to any replacements of any party wall if the same are construed substantially in conformity with the original party wall.

Section 5.2 If a party wall is destroyed or damaged by fire or other casualty, the owners of the townhouses abutting such party wall shall jointly restore it substantially to its original form, and they shall contribute equally to the cost of restoration thereof without prejudice; subject to, however, to the right of any such owner to call for a larger contribution from the other under any rules of law regarding liability for negligent or willful acts or omissions. Destruction or damage to any party wall shall not cause the termination of any rights of any of the adjoining owners thereto and such owners shall retain those rights herein set forth concerning any reconstruction or replacement of the party wall. Owners of townhouses abutting such party wall are obligated hereby to restore it in its substantial original condition. Notwithstanding any other provision of this Article to the contrary, an owner who by his negligent or willful act causes the party wall to be damaged shall bear the whole cost of repairing such damage. The owner causing such damage shall diligently prosecute all such repairs and reconstruction, and if such owner shall fail to do so, then any other owner of a townhouse abutting such party wall may do so at the sold cost: and expense of the owner causing such damage. The right of any owner to contribution

from any other owner under this Article shall run with the land.

ARTICLE VI

OWNERS ASSOCIATION

Section 6.1 The owners of a majority of the lots in the subdivision shall have the right to cause to be incorporated and which corporation shall be Clayton Place Amenities, Inc. (hereinafter referred to as “association”) with the powers and duties set out below. Any such election by a majority of the owners of the lots in said subdivision shall be binding upon all owners provided that the same is evidenced by a duly recorded instrument. Any purchaser of any of the lots in this said subdivision shall be deemed to have consented specifically to this provision and does specifically agree to comply with the provisions set out herein. In the event such an association is organized, said association and the board thereof shall have the following duties, rights and powers.

(a) To adopt rules in accordance with the By-Laws of the association for the regulation and operation of the subdivision.

(b) To levy and collect monthly, quarterly, annual or periodic assessments, against and from owners, to collect delinquent assessments by suit or otherwise, and to collect such other assessments as are herein authorized.

(c) From funds collected, to provide for maintenance, management, insurance and such other expenses as are enumerated in the Articles of Incorporation and By-Laws for common areas and common area facilities and tree and drainage maintenance in retention pond areas and swale at the front of lots in Block “A” and Block “D”.

(d) To lease, acquire and sell real and personal property in pursuance of its obligations.

(e) to enter into and upon the lots and townhouses when necessary with the duties outlined in these covenants.

(f) To enjoin or seek damage from the owners of the lot for violation of these covenants or for any of

the rules said association.

(g) To employ workmen, maids, janitor, gardeners and others; to contract for services to be performed, including those of a manger or management company; to enter into contracts; and generally to have the powers of an apartment house or property manager in connection with the matters herein set forth, except that the association may not encumber or dispose of the title of any owner except to satisfy a lien, award or judgment against such owner for violation of these restrictive covenants. The association shall not enter into any contract for the furnishing of services, material or supplies, the terms of which is in excess of one year' and further provided that any contract entered into by the association shall be terminable by the association for cause upon thirty (30) days written notice.

(h) To employ counsel, attorney and auditors in connection with legal matters of the association and audit of its books and records, which audit shall be available to owners of the lots for inspection at the association's office.

(I) To deposit funds in the hands of the board which are not necessary for immediate disbursements in savings accounts of banks or saving and loan associations earning the standard rate of interest and insured by FDIC.

(j) To file legal protest, formal or informal, with authorities against the granting by authorities of zoning ordinances or variances as to any property adjoining or within a reasonable proximity of the property described above which might affect or depreciate the value of any owners interest in the properties.

(k) To maintain the lawn, trees, shrubs, etc; to maintain the parking lots and pedestrian walkways within the subdivision' provided, however, that the association shall not maintain gardens, within private patios.

Section 6.3 Membership in the association shall consist of the following:

(a) Any person acquiring an ownership interest in the lots described in the subdivision, other than as a mortgagee or lien holder, shall automatically become a member of the association except that only one membership shall be allowed per lot or townhouse. Where lots are owned by more than one owner, such owner shall, by a written instrument, designate one of such owner to be the sole voting member. Upon the sale or transfer of a lot by an owner, that person's membership shall terminate. Such

interest shall be the sole qualification for membership. Until Diversified Real Estate Development, Inc., shall have the right to designate a person to be a member of said Board.

(b) Members shall be entitled to one vote for each townhouse or lot owned.

(c) Matters pertaining to indemnification of Board members, limitation upon liability of the association, if any, assessments for expenses, manner of enforcement of assessments and the fixing of liens for said assessments and maintenance shall be provided for in said Articles as agreed upon by a majority of the owners of the lots in said subdivision.

ARTICLE VII

COMMON AREA IMPROVEMENTS

Section 7.1 It is the intent of the developer to build a clubhouse, pool, and playground for the benefit of the development. Other improvements may be considered if space in the common area (near the clubhouse or entrances) permits.

Section 7.2 It is understood that the Homeowners Association will maintain all improvements such as, but not limited to, the clubhouse, pool, playground, and entrances. It is also the responsibility of the Homeowners Association to carry adequate insurance on those improvements. The amount of insurance should be equivalent to the replacement value with accompanying liability amounts of at least \$1,000,000.00 with Diversified Real Estate Development, Inc. listed on such policy as additional loss payee and additional insured.

ARTICLE VIII

ENFORCEMENT

Section 8.1 In the event of a violation or breach of any of these restrictions by any property owner, or family of such owner, or agent or tenant or invitee of such owner, the owners of the lots in said subdivision, Diversified Real Estate Developers, Inc., or any party to whose benefit these restrictions and covenants shall inure, shall have the right to proceed at law or in equity to compel compliance with the terms and conditions hereof, to prevent the violation or breach of said restrictions or covenants, to sue for and recover damages, reasonable attorneys' fees, costs of court, or other charges or to take all such courses of action at the same time or such other legal remedy deemed appropriate. No delay or failure on the part

of an aggrieved party to invoke an available remedy set forth herein shall be held to be a waiver by the party or an estoppel that party or of any other party to assert any right available to that party upon the recurrence or continuation of said violation or the occurrence of a different violation.

ARTICLE IX

CONSIDERATION

Section 9.1 The grantees of any lot subject to the coverage of these restrictions and covenants and the owners of such lot from time to time, by the acceptance of the conveyance or other instrument conveying an interest in or title to, or the execution of a contract for the purchase thereof, whether from Diversified Real Estate Development, Inc. or a subsequent owner of such lot, shall accept such deed or other contract upon and subject to each and all of these restrictions and the agreements herein contained, whether or not such restrictions are recited in the instrument of conveyance.

ARTICLE X

TERM AND MODIFICATION

Section 10.1 These covenants and restrictions shall run with the land and shall be in effect for a period of thirty (30) years from date, and can be changed, modified, amended, altered, extended or terminated, only in accordance with the provisions hereof. These covenants and restrictions will be automatically extended for successive ten (10) year periods, unless ninety percent (90%) of the owners vote not to extend them. These covenants and restrictions can be changed, modified, amended, altered, or terminated at any time after thirty (30) years, plus any automatic ten (10) year extensions, from date by a duly recorded written instrument executed by the then record owners (including mortgagees and other claimholder of record, if any) of ninety percent (90%) of the number of lots of this subdivision.

Section 10.2 PROVIDED THAT, no power or authority to alter, amend or rescind these covenants shall extend to the easements recited herein.

ARTICLE XI

SEVERABILITY

Section 11.1 Each restriction set out herein is hereby declared to be independent of, and severable from the rest of the restrictions and of and from every other one of the restrictions and from every combination of these restrictions. Invalidation by any court of any restriction in this instrument shall in no way affect any of the other restrictions which shall remain in full force and effect.

Section 11.2 Diversified Real Estate Development, Inc., may include in any contract or deed hereinafter made or entered into, such modifications and/or additions to these protective covenants and restrictions, which by their nature raise the standards of the subdivision.

ARTICLE XII

CAPTION AND GENDER

Section 12.1 The captions preceding the various paragraphs and subparagraphs of these restrictions are for the convenience of reference only, and none of them shall be used as an aid to the construction of any provision of the restrictions or covenants.

Section 12.2 Whenever and wherever applicable, the singular form of any word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean or apply to the feminine or the neuter.

IN WITNESS WHEREOF, Diversified Real Estate Development, Inc., has caused these restrictions to be properly executed by Collins Webb, its President, on this the ____ day of June 2006.

Diversified Real Estate Development, Inc.

BY: _____
Collins Webb

STATE OF ALABAMA
COUNTY OF HOUSTON

SWORN TO and subscribed to before me this ____ day of _____, 2006.

Notary Public

My commission expires: _____