

STATE OF ALABAMA )  
:  
COUNTY OF TALLAPOOSA )

### COMPLIANCE AGREEMENT

THIS COMPLIANCE AGREEMENT this (“Agreement”) is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_ (“Owner”) in favor of STILLWATERS RESIDENTIAL ASSOCIATION, INC., an Alabama nonprofit corporation (the “Association”).

#### RECITALS:

Owner is the Owner of Lot \_\_\_\_\_ (the “Lot”), according to \_\_\_\_\_, as recorded in Map Book, \_\_\_\_\_ Page \_\_\_\_\_ In the Office of the Judge of Probate of Tallapoosa County, Alabama (the “Probate Office”).

The Lot is subject to the \_\_\_\_\_ for StillWaters dated as of \_\_\_\_\_ and recorded on Card No. \_\_\_\_\_ In the Probate Office and all amendments thereto (collectively, the “Declaration”).

Capitalized terms not otherwise expressly defined herein shall have the same meanings given to them in the Declaration.

Owner desires to construct and install on the Lot a residence and/or other improvements (collectively, the “Improvements” which, pursuant to the terms and provisions of the Declaration, must be approved by the Architectural Committee. As a condition to approving the construction of the Improvements on the Lot, the Architectural Committee has required that Owner enter into this Agreement pursuant to which Owner will agree to be bound by certain construction standards and requirements as hereinafter set forth and will agree to the exercise by the Association of the rights and remedies granted herein in the event Owner fails to fully perform all of Owner’s covenants, agreements and obligations set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, (the receipt and sufficiency of which are hereby acknowledged by Owner) Owner does hereby agree as follows:

- 1. Required Insurance.** Owner shall provide proof of the following insurance policies in the amounts specified by the permit type. Owner shall also make the StillWaters Residential Association, Inc. an additional insured on all policies.
  - a) General Liability
  - b) Workman Comp
  - c) Auto
  - d) Additional Umbrella
  - e) Professional liability/Error & omissions
- 2. Hold Harmless.** Owner hereby agrees to hold harmless and indemnify the Association and its officers, directors, employees, and attorneys from any claims, actions, proceedings, losses, cots, damages, judgments, liabilities,

obligations, causes of action, fines, penalties, or expenses (including without limitation, reasonable attorneys' fees and expenses) arising out of the construction, installation, repairs, maintenance of the improvements, and day-to-day operation.

3. **Waiver of Subrogation.** Each party agrees that with respect to any losses covered by, or required to be covered by, insurance under the terms of this Agreement, other than those losses caused by the other party's gross negligence or intentional acts, each party hereby waives and releases the other, its officers, directors, employees, and agents, from any and all claims and liability or responsibility with respect to such losses. Each party further agrees that its insurance companies shall have no right of subrogation against the other on account of this release.
4. **Security Deposit.** Upon issuance of a permit hereunder, Owner shall submit to the Association a security deposit in the amount of \$10,000.00 (the "Security Deposit"). The Association may apply the Security Deposit to any Curative Costs incurred by the Association. Should the Association incur Curative Costs in excess of the initial Security Deposit, the Association may require additional Security Deposits as a condition to allowing Owner's permit to remain in effect, in the sole discretion of the Association. Upon full and complete performance by Owner of all Owner Covenants, the Association shall return to Owner the balance of the Security Deposit, if any.
5. **Construction of Improvements.** During the construction of any Improvements on the Lot, Owner covenants and agrees with the Association that:
  - a) Owner will comply with all applicable laws including, but not limited to the laws, rules, regulations, ordinances, and permits of Tallapoosa County, the State of Alabama, ADEM, and OSHA.
  - b) The Lot shall always be maintained in a clean condition, free of debris and waste material,
  - c) All unused construction materials shall be stored, to the greatest extent practicable, out of view from any of the roadways situated within StillWaters,
  - d) All construction trash, debris, and rubbish on the Lot shall be properly removed and disposed of outside of StillWaters at least weekly or on any earlier basis to the extent needed, as determined by the Architectural Committee, in its sole discretion,
  - e) No construction materials, trees, rubbish, or other debris may be burned or buried on or beneath the Lot or any other portion of the Still Waters Property,
  - f) No dirt, mud, gravel, or other substances shall be allowed to collect or remain on any of the roadways within StillWaters and Owner, for himself or herself and Owner's respective contractors, subcontractors, employees, agents, laborers, suppliers, and invitees (collectively, "Owner and/or Owner's Invitees") shall cause all such dirt, mud, gravel and other substances to be removed from the treads and wheels of all vehicles used in or related to the construction of any of the Improvements on the Lot prior to such vehicles traveling on any of the roadways within StillWaters,
  - g) During the construction of any Improvements on the Lot, neither construction equipment nor the vehicles of Owner and/or Owner's Invitees shall be parked on or within any of the roadways (or rights-of-way of such roadways) within StillWaters, all such equipment and vehicles shall utilize off-street parking only and shall access the Lot only by means of the driveway for such Lot (which driveway is shown on the plans for the Improvements approved by the Architectural Committee),
  - h) No construction trucks, equipment, or machinery, including trailers used for the transportation of construction equipment or machinery, shall be parked overnight on any of the roadways within StillWaters,
  - i) The Improvements shall be constructed in strict accordance with the plans and specifications approved by the Architectural Committee and the terms and provisions of the Declaration. Should unforeseen or unanticipated site conditions require any deviation in the permitted plans, modifications should be submitted to the Architectural Committee for subsequent approval or disapproval and,
  - j) Owner and/or Owner's Invitees shall not damage or destroy any of the Association Property, as herein defined. As used herein, the term "Association Property" shall mean and refer to any and all of the roadways within StillWaters, all signage, street lights, lighting, walkways, sidewalks, paths, bicycle and jogging paths, lanes, gates, walls, fences, guardhouses, landscaped areas and drainage ditches, swales and improvements (regardless of whether the Association is responsible for the maintenance of the same) located

easements) of any such roadways within StillWaters and any other real or personal property owned or utilized by the Association, including, without limitation, any of the Open Spaces, as defined in the Declaration. The covenants and agreements of Owner set forth in this Paragraph 1 are hereinafter collectively referred to as the "Owner Covenants".

6. **Default by Owner.** The occurrence of any of the following events shall constitute an event of default (an "Event of Default") by Owner under this Agreement:

- a) In the event that the Association, acting through either its Board of Directors or any other committee designated by the Board of Directors, including the Architectural Committee, determines, in its sole discretion, that Owner and/or Owner's Invitees have failed to fully observe or perform any of Owner Covenants and such failure to observe or perform, except in the event of emergency situations, is not cured within 14 days following written notice thereof to Owner, or
- b) Any of the Association Property is damaged or destroyed by any act or omission of Owner and/or Owner's Invitees, as determined by the Association, acting through either its Board of Directors or any other committee designated by the Board of Directors, including the Architectural Committee, which, except in the event of emergency situations, is not fully and completely repaired and restored to the satisfaction of the Association within 14 days following written notice thereof to Owner.
- c) Notwithstanding anything provided herein to the contrary, in the event the Association, acting through the Board of Directors of the Association or any other committee designated from time to time by the Board of Directors of the Association, including the Architectural Committee, determines, in its sole discretion, that an emergency situation exists with respect to any Event of Default or Potential Event of Default by Owner and/or Owner's Invitees, no notice and cure rights shall be required or granted before the Association exercises any of its rights and remedies set forth in this Agreement.

7. **Remedies.**

- a) If, after initial approval has been given, Owner makes changes to the original permit before submitting said changes to the Architectural Committee for approval, the permit may be canceled, withdrawn, or modified even after construction has begun.
- b) Upon the occurrence of any Event of Default by Owner and/or Owner's Invitees, the Association may, in its sole discretion:
  - (i) Exercise any of the rights and remedies granted to the Association in the Declaration; or
  - (ii) Take any and all action which the Association, in its sole discretion, determines to be necessary or required in order to cure such Event of Default, including, specifically, repairing or replacing any of the Association Property damaged or destroyed by any act or omission of Owner and/or Owner's Invitees and to thereafter exercise the further rights and remedies granted to the Association pursuant to this Paragraph 3.
- c) In the event the Association elects, pursuant to Paragraph 4(b)(ii) above, to cure an Event of Default, then all costs and expenses incurred by the Association in curing any such Event of Default (together with any attorneys' fees suffered, paid or incurred by the Association pursuant to Paragraph 4(d) below, the "Curative Costs") shall bear interest at the lesser of 18% per annum or the highest rate which may be charged to Owner by law from and after the date on which any of the Curative Costs are paid or incurred by the Association and shall be due and payable in full by Owner immediately upon written demand from the Association. If, for any reason, the Curative Costs, together with interest as provided above, are not paid in full within fourteen (14) days following a written demand from the Association, then the Association shall have the right, at its option, to either:
  - (i) Commence and maintain a suit at law against Owner to enforce collection of the Curative Costs, together with interest thereon as provided above, and any other court costs and other expenses paid or incurred by the Association in collecting any of the Curative Costs and/or
  - (ii) Enforce the lien created pursuant to Paragraph 5 below.

- d) In the event the Association incurs any costs and expenses, including, without limitation, attorneys' fees and court costs, in enforcing any of the terms, provisions, covenants, and agreements set forth in this Agreement, then the same shall constitute Curative Costs and shall be paid by Owner.

**8. Grant of Lien.**

- a) In order to secure the faithful and complete performance by Owner of all of Owner's Covenants, Owner does hereby grant, bargain, sell, assign, and convey unto Association a continuing lien, and security interest in the Lot and any and all Improvements constructed thereon, with the power of sale, as hereinafter provided. The lien and security interest created herein shall secure any and all Curative Costs incurred by the Association, together with interest thereon as hereinabove provided.
- b) To the extent the Association incurs any Curative Costs in its attempts to remedy any Event of Default by Owner, which Curative Costs (and interest thereon as hereinabove provided) are not paid in full within 14 days following written demand from the Association, then the lien and security interest granted herein shall be subject to foreclosure and may be foreclosed as now provided by law in the case of past-due mortgages and Association shall be authorized, at its option, whether or not it has taken possession of the Lot, to sell the Lot under the power of sale which is hereby given to Association, at public outcry, to the highest bidder for cash, at the front or main door of the courthouse of the county in which the Lot is located, after first giving notice by publication once a week for three successive weeks of the time, place and terms of such sale, together with a description of the Lot to be sold, by publication in some newspaper published in the county in which the Lot to be sold is located. The sale shall be held between the hours of 11:00 a.m. and 4:00 p.m. on the day designated for the exercise of the power of sale hereunder. The Association may bid at any sale held under this Agreement and may purchase the Lot if the highest bidder, therefore. The purchaser at such sale shall be under no obligation to see to the proper application of the purchase money. At any such foreclosure sale, the Lot may be offered for sale and sold as a whole without first offering it in any other manner or may be offered for sale and sold in any other manner as the Association may elect. Owner hereby authorizes and empowers Mortgagee or the auctioneer at any foreclosure sale involving the Lot to execute and deliver to the purchaser or purchasers of the Lot sold at such foreclosure sale, a deed for and in the name of Mortgagor transferring and conveying the Lot to such purchaser or purchasers. All proceeds received from such foreclosure sale shall be applied, first, to the expenses of such sale and all proceedings in connection therewith, including reasonable attorneys' fees; then to the payment of any and all Curative Costs, together with interest thereon as provided above; and finally, the remainder, if any, shall be paid to Owner or such other persons as may be entitled thereto by law.
- c) Notwithstanding anything provided herein to the contrary, the lien and security interest created by this Agreement shall be subordinate to the lien of any mortgage held by any independent, third-party bona fide mortgagee which has been recorded in the Probate Office prior to the filing for record of this Agreement.

9. **Notices.** Any and all notices required or permitted hereunder shall be deemed to have been sufficiently given or served upon Owner when deposited in the United States Mail for first-class delivery with postage prepaid and addressed to the last address furnished by Owner to the Association (or if no address has been furnished, then to the Lot), in which case notice shall be deemed given upon deposit of the same in the United States Mail.

10. **Miscellaneous.** This Agreement shall inure to the benefit of and be binding upon Owner and the Association and their respective heirs, executors, legal representatives, successors, and assigns. If any provisions of this Agreement or the application thereof to any person or persons shall be invalid or unenforceable to any extent, then the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law. This Agreement constitutes the full and complete agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and correspondence relating to the subject matter hereof. This Agreement may not be amended except by a writing signed by Owner and Association. This Agreement shall be construed in accordance with and governed by the laws of the State of Alabama.

11. **Exhibit "B".** This agreement includes Exhibit "B" in its entirety.

