

Signed

ARTICLES OF INCORPORATION
OF
ISLAND CLUB OF GULF SHORES, INC.,
A CORPORATION NOT FOR PROFIT

1. Name and Place of Business. The name of the corporation is Island Club of Gulf Shores, Inc. The place of business shall be Fort Morgan Road at West Second Street, Gulf Shores, Alabama 36542.

2. Name and Address of Registered Agent. The individual registered agent of the Association is D. O. McClusky, 218 West 12th Avenue, P.O. Box 998, Gulf Shores, Alabama 36542.

3. Purpose. The corporation is organized as a corporation not for profit under the provisions of the Alabama Non Profit Corporation Act (Title 10, Chapter 3, Code of Alabama 1975), and is a condominium association ("Association") as referred to and authorized by the Condominium Ownership Act (Title 35, Chapter 8, Code of Alabama 1975). The purpose for which the corporation is organized is to provide an entity responsible for the operation, maintenance, and administration of the common areas of a condominium in Gulf Shores, Alabama, known as Island Club of Gulf Shores, a Condominium, and subject to the Condominium Declaration and other instruments filed or to be filed in the Probate Office of Baldwin County, Alabama.

4. Description of the Land. The land upon which Phase I of the Condominium is to be situated is located in Baldwin County, Alabama and is more particularly described in "Exhibit A" attached hereto and made a part hereof, being the same description exhibited to said Condominium Declaration. Said condominium is herein called the "Condominium" and the Declaration of Condominium whereby the same has or will be created is herein called the "Declaration". Said land may be utilized for Phase I of Island Club of Gulf Shores, a Condominium, as more particularly set out in said Declaration. Phases II through V, or some one or more of them, may be added to said Declaration by Amend-

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ment, and submitted thereto, whereupon this instrument shall apply thereto with like effect as it applies to Phase I.

5. Qualification of Members and Manner of Their Admission.

The members of this corporation shall constitute all of the record owners of condominium units of the Condominium. Each member shall be entitled to one vote for each condominium unit of which he is a record owner, regardless of which phase in which such unit is located.

Change of membership in this corporation shall be established by recording in the Public Records of Baldwin County, Alabama, a deed or other instrument establishing record title to a condominium unit. Upon delivery to this Corporation of a certified copy of such instrument, the owner designated by such instrument thereby becomes a member of this Corporation, and the membership of the prior owner of such condominium unit shall be thereby terminated. The initial members of this Corporation are affiliated with Island Club Development Company of Gulf Shores, a partnership, the owner of the real estate on which condominium units in subject condominium are to be constructed. Upon adding Phases II, III, IV and/or V, as the case may be, to the condominium property, as provided in the Declaration of Condominium of Island Club of Gulf Shores, the unit owners of said Phases II, III, IV and V, as the case may be, shall automatically become members of the corporation on an equal basis with the owners of units in Phase I, that is, each unit owner shall have an undivided interest in the common elements equal to a fraction the numerator of which shall be one and the denominator of which shall be the aggregate number of units in all phases, and shall be entitled to one vote in the corporation.

6. Term. The existence of the corporation shall be perpetual unless the condominium is terminated pursuant to the provisions of the Declaration of Island Club of Gulf Shores, a Condominium, and in the event of such termination, the corporation shall be dissolved in accordance with law.

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7. Names and Residences of Incorporators. The names and residences of the incorporators to these Articles of Incorporation are:

D. O. McClusky, Jr.	218 West 12th Avenue P.O. Box 998 Gulf Shores, AL 36582
Peterson Cavert	25 Woodridge Road P.O. Box 1280 Tuscaloosa, AL 35406
H. B. Lee	1111 Bank for Savings Building Birmingham, AL 35203

8. Directors and Officers. The affairs of the Association shall be managed by its Board of Directors elected by the members of the Association as provided in the Bylaws. The officers of the Corporation shall be a President, Vice President, Secretary and Treasurer, which officers shall be elected annually by the Board of Directors. The directors and officers may lawfully and properly exercise the powers set forth in the Declaration and Bylaws, and such other powers as provided by law.

The Board shall have the power to make assessments against the members as provided in the Declaration and Bylaws, and such assessments shall be credited to the paid-in surplus account of the Corporation.

The officers and directors of the Association for the first year are as follows:

D. O. McClusky, Jr.	Director	President
Peterson Cavert	Director	Vice-President
H. B. Lee	Director	Secretary
Daniel O. McClusky, III	Director	Treasurer

9. Meetings. The dates on which the members annual meetings shall be held, the number of directors and their terms of office, and the terms of office of the officers, and the powers and duties of the directors and officers shall be fixed by the Bylaws of the Corporation. The members shall have the power to make Bylaws for the regulation and government of the Corporation, its directors,

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officers, agents, servants, employees, and for all other purposes not in conflict with the laws of the State of Alabama.

10. Powers. The Corporation shall have those powers, rights, and responsibilities set out and provided in the Alabama Non Profit Corporation Act (Title 10, Chapter 3, Code of Alabama 1975), and as provided in the Condominium Ownership Act (Title 35, Chapter 8, Code of Alabama 1975), and in the Condominium Declaration and Bylaws of Island Club of Gulf Shores, a Condominium.

In addition thereto, the Corporation shall have the following powers:

- (a) To have perpetual succession by its corporate name.
- (b) To sue and be sued, complain and defend, in its corporate name.
- (c) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or facsimile thereof, to be impressed or affixed or in any manner reproduced.
- (d) To purchase, take, receive, lease, take by gift, devise, or otherwise acquire, own, hold, improve, use and otherwise deal in and with, real or personal property or any interest therein, wherever situated.
- (e) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets.
- (f) To lend money to its employees other than its officers and directors, and otherwise assist its employees, officers, and directors.
- (g) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with shares or other interests in, or obligations of, other corporations, whether for profit or not for profit, associations, partnerships or individuals, or direct or indirect obligations of the United States, or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof.
- (h) To make contracts and incur liabilities, whether for the management of all or any part of said Condominium or otherwise, and without regard to duration (except as may be otherwise required by law), with Island Club Development Company of Gulf Shores or otherwise, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its

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obligations by mortgage or pledge of all or any of its property, franchises and income.

- (i) To lend money for its corporate purposes, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested.
- (j) To conduct its affairs, carry on its operations, and have offices and exercise the powers granted by this chapter in any state, territory, district, or possession of the United States, or in any foreign country.
- (k) To elect or appoint officers and agents of the Corporation, and define their duties and fix their compensation.
- (l) To make and alter Bylaws, not inconsistent with these Articles of Incorporation or with the laws of this state, for the administration and regulation of the affairs of the Corporation.
- (m) To make donations for the public welfare or for charitable, scientific or educational purposes; and in time of war, to make donations in aid of war activities.
- (n) To indemnify any director or officer or former director or officer of the Corporation, any person who may have served at its request as a director or officer of another corporation, whether for profit or not for profit, against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty; but such indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled, under any Bylaws, agreement, vote of Board of Directors or members, or otherwise.
- (o) To cease its corporate activities and surrender its corporate franchise.
- (p) To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized.
- (q) The corporation shall manage and administer the common affairs and expenses of Island Club of Gulf Shores, a condominium in Gulf Shores, Alabama, formed simultaneously herewith pursuant to the provisions of the Alabama Condominium Ownership Act and, to that end, shall arrange for goods, services, utilities and insurance coverage for the common enjoyment, benefit, and protection of the owners of Island Club of Gulf Shores, a Condominium, and their respective real estate interests of ownership therein.
- (r) The corporation shall maintain, repair, replace, clean and sanitize the common elements of

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Island Club of Gulf Shores, a Condominium, as necessary.

- (s) The corporation shall assess and collect funds from the owners of the private individual units of Island Club of Gulf Shores, a Condominium, and shall utilize such funds to pay for the common expenses (and limited common expenses, if any) of Island Club of Gulf Shores, a Condominium. Such expenses shall include, but shall not be limited to, such garbage service, sewer service, water service, the lighting of common area, and grounds, elevator, pool and general maintenance and listing for taxation with respect to common areas, if required by law, for the benefit of Island Club of Gulf Shores, a Condominium, as the Association shall determine from time to time. Such expenses shall also include those necessary or helpful for the maintenance, repair and operation (and initial cost, if the Developer of the Condominium so determines) of the facilities (e.g., jacuzzi, spa, dressing room, and shower room, community center, meeting and dining areas, lounge, cafeteria, shops and doctor's office which may be included in one or more of said Phases II through V). If a cafeteria or other dining facility is built, each unit owner shall be obligated to pay for one meal per day from such facility, and the Association shall make appropriate upward adjustment in the assessment for common expenses to satisfy such obligation. The Corporation shall not arrange or be responsible for utilities or services benefitting solely private individual units of Island Club of Gulf Shores, a Condominium, except as the Association may agree otherwise from time to time with respect to routine maintenance and repair, subject to the limitations contained herein. Any surplus of funds so assessed in excess of such expenses at the end of any accounting period shall be retained by the corporation or refunded pro rata to the owners of private individual units of Island Club of Gulf Shores, a Condominium, as the corporation's board of directors may elect.
- (t) The corporation shall maintain forms of insurance coverage as provided in the Declaration for the benefit of the unit owners and protection of the corporation. The premiums for such insurance shall be assessed to the owners of the individual units on a pro rata basis and shall constitute a part of each unit owner's liability for common expense. Insurance maintained by the corporation shall include, but shall not be limited to, coverage of the entire condominium property against loss by fire, windstorm, rainstorm, such flood and other such hazards as to which the corporation may desire insurance coverage, and liability insurance against any risk, such as death, personal injury, or damage to the property, as well as fidelity bonds as may be in the discretion of the board reasonably necessary. The corporation will be empowered to act as insurance trustee pursuant to the damage and destruction provisions of the Condominium Declaration.

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- (u) The corporation may purchase units in Island Club of Gulf Shores, a Condominium, and otherwise acquire, hold, lease, mortgage, and convey the same. It may also lease or license the use of the common elements in a manner not inconsistent with the rights of the owners of the private units of Island Club of Gulf Shores, a Condominium.

11. Limitation on Powers.

- (a) Any income received by the corporation shall be applied only to the non-profit purposes and objectives of the corporation as set forth above, and no part thereof, during membership or upon termination of membership, shall inure to the benefit of any private member or individual.
- (b) The corporation shall not engage in any transaction prohibited by §503(c) of the United States Internal Revenue Code as now enacted or as hereafter amended, or the Alabama Non-Profit Corporation Act, or the Alabama Condominium Ownership Act.
- (c) The corporation shall not apply accumulation of income in any manner which may subject it to denial of exemptions as provided by §504 of the United States Internal Revenue Code as now enacted or as hereafter amended.
- (d) No part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in, (including the publication and distribution of statements) any political campaign on behalf of any candidate for public office.
- (e) If, at any time, the corporation shall cease to carry out the purpose herein stated, all assets and property held by it, whether in trust or otherwise, shall, after the payment of its liabilities, be paid over to an organization which itself has similar purposes and has established an appropriate tax-exempt status under §501(c)(3) of the United States Internal Revenue Code as now enacted or as hereafter amended, and shall be applied exclusively for the purposes set forth above.
- (f) The corporation shall not serve as advertising or rental agent for the owners in the ordinary course of its business. This provision shall not prevent the corporation from referring prospective renters to the various owners on a rotating or some other equal basis, but under no circumstances shall the corporation receive the pool rental income for distribution to the owners on any basis other than according to the actual rental income generated by each individual unit. This paragraph may not be amended except by unanimous vote of the owners. In the event of such amendment, each owner, whether or not a designated voting member of the corporation, shall sign a certificate to be held in the corporate files acknowledging

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that the pooling of rental income may subject their interests of ownership in Island Club of Gulf Shores, a Condominium to registration under the federal securities acts and the Alabama Blue Sky Laws.

12. Amendments. These Articles may be amended by the votes representing 75% of the membership of the Association, cast in person or by proxy at a meeting duly held in accordance with the applicable provisions of the Bylaws. No amendment may be made which will conflict with provisions in the Declaration of Condominium, unless the Declaration itself is amended. All Amendments to the Articles of Incorporation shall become effective only upon being placed of record in the Office of the Judge of Probate, Baldwin County, Alabama.

We, the undersigned, being each of the subscribers hereto, do hereby subscribe to these Articles of Incorporation and in witness whereof, we have hereunto set our hands and seals this the 17th day of April, 1984.

D. O. McClusky, Jr. (SEAL)
D. O. McCLUSKY, JR.

Peterson Cavert (SEAL)
PETERSON CAVERT

H. B. Lee (SEAL)
H. B. LEE

STATE OF ALABAMA:
COUNTY OF Tuscaloosa :

I, the undersigned notary in and for said county in said state, hereby certify that D. O. McCLUSKY, JR., 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 on the day the same bears date.

Given under my hand and official, notarial seal this 17th day of April, 1984.



Helen L. Cannon
NOTARY PUBLIC, Tuscaloosa COUNTY,
ALABAMA

My Commission expires: Oct. 16, 1985

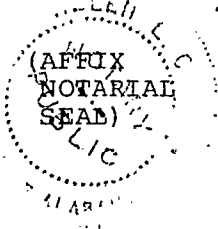
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STATE OF ALABAMA:

COUNTY OF Tuscaloosa:

I, the undersigned notary in and for said county in said state, hereby certify that PETERSON CAVERT, 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 on the day the same bears date.

Given under my hand and official, notarial seal this 17th day of April, 1984.



Helen L. Cannon
NOTARY PUBLIC, Tuscaloosa COUNTY,
ALABAMA

My Commission expires: OCT. 16, 1985

STATE OF ALABAMA:

COUNTY OF Tuscaloosa:

I, the undersigned notary in and for said county in said state, hereby certify that H. B. LEE, 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 on the day the same bears date.

Given under my hand and official, notarial seal this 17th day of April, 1984.



Helen L. Cannon
NOTARY PUBLIC, Tuscaloosa COUNTY,
ALABAMA

My Commission expires: OCT. 16, 1985

Endorsement as required by Alabama Law:
This instrument prepared by Edward A. Hyndman, Jr.
of Hand, Arendall, Bedsole, Greaves & Johnston,
Lawyers, 3000 First National Bank Building,
Mobile, Alabama 36601

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ISLAND CLUB of GULF SHORES

Gulf Shores, Alabama

LEGAL DESCRIPTION

Phase I

Beginning at the Southeast corner of Block 34, of Unit 3 Gulf Shores, as recorded in Map Book 3, Page 9 of the Baldwin County Probate Records; run thence North 01° 00' 07" West a distance of 463.00 feet to a point; run thence South 89° 43' 24" West a distance of 259.78 feet to a point; run thence South 0° 05' 34" West a distance of 483 feet more or less to the North right-of-way line of Dixie Graves Parkway; run thence Eastwardly along the said North right-of-way line of Dixie Graves Parkway, a distance of 270.0 feet more or less to the point of beginning.

ISLAND CLUB

EXHIBIT "A"

STATE OF ALABAMA,
BALDWIN COUNTY

I certify that this instrument was filed on:

FEB - 6 1985

and that no tax was collected. Recorded in

Book 52 by Henry P. White

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D.P. \$1.00 Index \$ _____ By _____

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