

DECLARATION OF CONDOMINIUM
OF
THE RIDGE, A CONDOMINIUM

THIS DECLARATION is made on this 13th day of March, 2002, by
THE RIDGE, LLC, an Alabama Limited Liability Company, hereinafter called the
"Developer," for itself, its successors, grantees and assigns.

RECITALS

WHEREAS, the Developer is the fee simple owner of that certain parcel of real
property situated in Baldwin County, Alabama, more particularly described in Exhibit
"A" attached hereto, hereinafter referred to as the "Real Property," and Developer has
improved said Real Property in the manner set out herein

AND WHEREAS, the Developer proposes to establish a condominium pursuant to
the provisions of the Alabama Uniform Condominium Act of 1991, § 35-8A-101, et seq.,
Code of Alabama, 1975, as amended. The Condominium shall be known as The Ridge, a
Condominium.

AND WHEREAS, the Developer proposes to develop the Condominium in
multiple phases.

AND WHEREAS, the buildings may contain a maximum total of one hundred
forty-four (144) residential Units, and supply storage areas, together with
parking, and appurtenant facilities herein described.

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:

2002 March -13 3:28PM

Instrument Number 648393 Pages 127
Recording 381.00 Mortgage
Deed Min tax
Index DP 1.00
Archive 3.00
Adrian T. Johns, Judge of Probate

648393

AND WHEREAS, the Condominium shall be created by the recording of this Declaration, and may hereafter be amended by the Developer as herein provided without requiring the approval or consent of any of the Unit Owners.

WHEREFORE, the Developer, hereby makes the following Declaration, to-wit:

I. DEFINITIONS

The terms used in this Declaration and in the By-Laws shall have the meaning stated in the Alabama Uniform Condominium Act of 1991, § 35-8A-101, et seq., Code of Alabama, 1975, as amended, and as follows, unless the context otherwise requires, to-wit:

1.01. "ACT" means the Alabama Uniform Condominium Act of 1991, § 35-8A-101, et seq., Code of Alabama, (1975), as amended.

1.02. "ARTICLES" means the Articles of Incorporation of The Ridge Condominium Owners Association, Inc., and all amendments thereto, a copy of which is attached hereto as Exhibit "C".

1.03. "ASSESSMENTS" means proportionate share of the funds required for the payment of the Common Element Expenses and maintenance which from time to time may be levied against each Unit Owner.

1.04. "ASSOCIATION" means The Ridge Condominium Owners Association, Inc., an Alabama not for profit corporation, and its successors, organized under the Act.

1.05. "BOARD" means the Board of Directors of the Association.

1.06. "BUILDING" means all structure or structural improvements located on the Real Property and forming part of the Condominium.

1.07. "BY-LAWS" means the duly adopted By-Laws of the Association, identified as Exhibit "D" attached hereto and made a part hereof as if set out fully herein.

1.08. "COMMON ELEMENTS" means all portions of the Condominium other than the Units.

1.09. "COMMON EXPENSES" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves, allocated to each Unit.

1.10. "COMMON SURPLUS" means the excess of all receipts of the Association arising out of the Common Elements over and above the amount of the Common Expenses.

1.11. "CONDOMINIUM" means The Ridge, a Condominium, and consists of the Condominium Property submitted to the Condominium form of ownership by this Declaration.

1.12. "CONDOMINIUM DOCUMENTS" means the Declaration, By-Laws, Articles, and all Rules and Regulations adopted by the Association and all exhibits attached thereto as the same may be amended from time to time.

1.13. "CONDOMINIUM PROPERTY" or "PROPERTY" means all property, both real, personal or mixed, which is submitted to the Condominium form of ownership as provided for herein and includes the Real Property and all improvements now existing or hereafter placed thereon and all easements, rights, interests or appurtenances thereto, and all personal property now or hereafter used in connection therewith.

1.14. "DECLARATION" means the Declaration of Condominium and all amendments thereto which may be made from time to time.

1.15. "DEVELOPER" or "DECLARANT" shall mean The Ridge, LLC, an Alabama Limited Liability Company, and its successors and assigns.

1.16. "DEVELOPMENT" shall have the same meaning as "Condominium Property" or "Property".

1.17. "DEVELOPER RIGHTS," "DEVELOPMENT RIGHTS," or "DECLARANT RIGHTS" shall have the same meaning as is defined in the Act and as set out in the Declaration, and shall include, but not be limited to, any right or combination of rights reserved by Developer herein to

- (i) add real estate to the Condominium; or (ii) create units, common elements, or limited common elements within the Condominium; (iii) subdivide units; or (iv) convert units into common elements; (v) withdraw real estate from the Condominium; or (vi) increase the number of units which may be created.

1.18. "LIMITED COMMON ELEMENT" shall have the same meaning as is defined in the Act and as set out in the Declaration.

1.19. "MEMBER" means a member of the Association, membership in which is confined to Unit Owners.

1.20. "MORTGAGEE" means any lender holding a mortgage or vendor's lien on any part or all of the Condominium Property.

1.21. "OCCUPANT" means a person or persons in possession of a Unit, regardless of whether that person is the Unit Owner.

1.22. "PERSONS" means a natural person, corporation, association, partnership, limited partnership, limited liability company, trustee, or other legal entity.

1.23. "PLANS" or "PLAT" means the site plan, floor plans, and elevations of the Condominium prepared by an independent registered engineer or registered architect, copies of which are attached hereto as Exhibit "B" and expressly made a part hereof as though fully set out herein.

The Plans contain a certificate of completion executed by an independent registered engineer or registered architect in accordance with the Act, and contain a certification that the Plans contain all information required by the Act.

1.24. "REAL PROPERTY" means the Real Property described in Exhibit "A" which is submitted to the Condominium form of ownership as provided for herein.

1.25. "SPECIAL DECLARATION RIGHTS" shall have the same meaning as is defined in the Act and set out in the Declaration.

1.26. "UNIT" shall have the same meaning as Unit and Private Unit as is defined in the Act and designated on the Plans and is a physical portion of the Condominium designated for separate or private ownership or occupancy, and the boundaries of which are described and set forth herein.

1.27. "UNIT BOUNDARIES" means the physical boundaries of a unit and shall also have the same meaning as is defined in the Act.

1.28. "UNIT OWNER" means the owner of a Unit and shall also have the same meaning as "Unit Owner" as is defined in the Act.

1.29. "UTILITY SERVICES" shall include, but not be limited to, electrical power, gas, garbage and sewage disposal.

1.30. When the context permits, use of the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

II. NAME AND ADDRESS OF CONDOMINIUM

2.01. The name by which the Condominium shall be known is THE RIDGE, a Condominium, and the address of the Condominium is 430 West Fort Morgan Road, Gulf Shores, Alabama 36542.

III. THE REAL PROPERTY

3.01. The Real Property owned by the Developer which is herewith submitted to the Condominium form of ownership is the parcel of Real Property lying and being in Gulf Shores, Baldwin County, Alabama, subject to certain reservations, exceptions and restrictions, all being more particularly described in Exhibit "A" attached hereto and made a part hereof.

IV. PURPOSE

4.01. The Developer hereby submits the Real Property described in Exhibit "A", together with all improvements, buildings, structures, and all other permanent fixtures thereon, and all rights and privileges belonging or in any way pertaining thereto, to the Condominium form of ownership and use in the manner provided for by the Alabama Uniform Condominium Act of 1991, § 35-8A-101, et seq., Code of Alabama, 1975, as amended.

V. DEVELOPMENT PLANS

5.01. Plans. The improvements of the Condominium have been completed substantially in accordance with the Plans, as evidenced by the Certificate of Occupancy executed by the City of Gulf Shores, Alabama and the registered architect or engineer.

5.02. Amendment. This Declaration may be unilaterally amended by the Developer without the consent of any Unit Owner, Mortgagee, or other Person in order to exercise any Development Rights, as defined herein, provided however, said amendment complies with the requirements of the Act.

5.03. Excluded Property. The Developer does hereby specifically exclude certain Property or areas of the Condominium labeled as "Subject to the Right of Withdrawal" in the Plans attached hereto as Exhibit "B", and the Developer shall have the exclusive option to withdraw said designated area from the Condominium form of ownership and use. The Developer may, if the Developer so elects, subject all or any portion of said designated area to the Condominium form of ownership at different times by amendment or amendments to this Declaration in accordance with the terms and provisions herein. No representations or assurances are made regarding whether all or any portion of the said designated area will be or will not be submitted to the Condominium form of ownership. The exercise by the Developer of any Development Rights on any portion of the said area does not obligate the Developer to exercise said right in all or any other portion of the remainder of the said area.

5.04. Agreement. Each person or entity who shall acquire any Unit in the Condominium or any interest therein or lien upon such Unit, by accepting a conveyance of or otherwise acquiring such interest or lien, shall be deemed to have agreed and consented, within the meaning of this Declaration and of the Act, to be bound by the terms and provisions hereof and to have further agreed and consented to the Developer's right to unilaterally amend this Declaration and that any such amendment shall be binding and effective regardless of whether the undivided interest of the Unit Owners in the Common Elements will be changed thereby. Each such person or entity shall be deemed to have consented to any application by the Developer to any governmental agency or other entity which may be required to exercise the Developer's rights reserved in this Declaration, and such person or entity shall indemnify the

Developer for any and all costs or delays incurred or suffered by the Developer for any breach of said consent, including reasonable attorney's fees.

5.05. Easements to Developer. Easements are reserved to the Developer throughout the Common Elements as may be reasonably necessary for the purpose of discharging the Developer's obligation or exercising any Development Rights. Also, the Developer hereby reserves for itself and its successors and assigns a perpetual nonexclusive easement for access routes, ingress, egress and regress in, over, across and through all roads, access routes, parking areas, and other common areas of the Condominium Property for any guests, licensees, lessees, customers and employees of Developer to and from any adjacent and contiguous property for the purpose of real estate sales, construction, or any other use deemed convenient to the Developer, the use of the said excluded areas of the Condominium described in Exhibit "B" hereto, or any other purpose or business operated by the Developer on the Condominium Property. An easement is also reserved to the Developer for all pipes, ducts, cables, wires, conduits, public utility lines and any and all other manner of utilities for the construction of any and all additional improvements to the condominium property, including any and all future properties added thereto.

5.06. Easements to Association. Each of the following easements are specifically reserved to the Association for the benefit of the Unit Owners, their guests and lessees, and said easements shall be a covenant running with the Real Property, to-wit:

A. Utilities and Drainage. Easements are reserved throughout the Condominium Property as may be required for Utility Services and drainage in order to adequately serve the Condominium; however, such easements to a Unit shall be only in

accordance with the Plans or as the improvements are constructed, unless otherwise approved by the Unit Owner. Each Unit Owner shall have an easement in common with the Owners of all other Units and each Unit shall be subject to an easement in favor of all other Unit Owners to use all pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements located in any of the other Unit and serving such Unit Owner's Unit or serving such other Units and located in such Unit.

B. Access to Unit. The Association shall have the absolute right of access and entry to each Unit to inspect the same, to spray for pest control, to remove any violations from the Unit, to protect an adjoining Unit, and to maintain, repair, replace or protect any Common Elements contained therein or elsewhere on the Condominium Property; however, such right of access and entry, except in the event of an emergency, shall not be made without prior notice to the Unit Owner.

C. Encroachments. If any portion of the Common Elements ever encroaches upon any Unit, or if any Unit ever encroaches upon any other Unit or upon any portion of the Common Elements as a result of the construction of any addition to the Condominium Buildings, or if any such encroachment shall occur hereafter as a result of settling or shifting of the Condominium Buildings or other improvement, or occurring after the reconstruction or repair of the Condominium as a result of fire, hurricane, or other casualty, or as a result of condemnation or eminent domain proceeding, a valid easement for such encroachment and for the maintenance of the same shall exist for as long as the Condominium Buildings stand.

D. Support. Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and of necessity in favor of all of the other Units and all of the Common Elements.

5.07. Easements to Units. Each Unit shall have an easement for pedestrian traffic over, through and across sidewalks, paths, lobbies, elevators, stairways, walkways, and passage ways, as the same may from time to time exist in the Common Elements, and each Unit Owner shall have an easement for ingress and egress over, through and across such portions of the Common Elements as may from time to time be paved and intended for such purposes; however, such easement shall not create in any Unit Owner or person the right to park on any portion of the Condominium Property not designated as a parking area or the right to use or occupy a Limited Common Element designated for the exclusive use of others, and all such easements shall be non-exclusive, and subject to the rules and regulations of the Association. Such easements shall include the right of ingress and egress to a public street or highway upon, over and across the Common Elements which provide such access.

5.08. General Description of Condominium. The Condominium Property consists of one (1) building, together with automobile parking areas, a pool, lawn and landscaping, and other facilities as more particularly set forth in the Plans.

5.09. Legal Description of Unit. Each Unit is assigned a number so that no Unit bears the same designation as any other Unit. The legal description of each Unit consists of the identifying number, the name of the Condominium, the name of the office in which this Declaration is recorded, the book and page number where the first page of this Declaration is

recorded, and the description and location of the particular Unit and the appurtenances as described and shown in the Plans.

5.10. Unit Boundaries. The Unit boundaries shall be determined as follows, to-wit:

A. Horizontal Boundaries. The upper and lower (horizontal) boundaries of each Unit shall extend to their planer intersections with the vertical boundaries of each Unit, with the upper boundary being the unfinished lower interior surface of the uppermost ceiling, and the lower boundary being the unfinished upper interior surface of the floor.

B. Vertical Boundaries. The vertical boundaries of each Unit shall be the vertical planes of the interior surfaces of the exterior windows and glass doors bounding a Unit and the unfinished interior surfaces of the walls and entry doors bounding the Unit; however, specifically excluded therefrom shall be all lath, furring, wallboard, plasterboard, paint, wallpaper, and exterior light coverings extended to their planer intersections with each other and with the upper and lower boundaries of said Unit.

5.11. Alteration of Units. No Unit may be altered or changed in any way that would impair or otherwise compromise the structural integrity, mechanical systems, or lessen the support of any Common Element or the Condominium Buildings, or any improvement thereto or any other building or improvement situated thereon, and no change or alteration to the appearance of any Common Element or Limited Common Element or the exterior of any Unit or any other portion of the Condominium may be made without the consent of the Association.

5.12. Unit Floor Plans. The Condominium consists of four (4) basic residential floor plans, outbuildings and reception and storage areas as follows, to-wit:

1. Unit 1101 is a one (1) story, two (2) bedroom, two (2) bath Unit, containing a kitchen, dining and living areas, totaling approximately one thousand one hundred sixty (1160) square feet, a garage containing approximately two hundred sixty-eight (268) square feet, and a porch containing approximately twenty-four (24) square feet serving the unit as a Limited Common Element.

2. Unit 1102 is a two (2) story, three (3) bedroom, two and one-half (2½) bath Unit, containing a kitchen, dining and living areas, totaling approximately one thousand seven hundred eleven (1711) square feet, and a front porch containing approximately twenty-four (24) square feet, together with a rear porch containing approximately one hundred twenty-eight (128) square feet, both serving the unit as Limited Common Elements.

3. Unit 1103 is a two (2) story, three (3) bedroom, two and one-half (2½) bath Unit, containing a kitchen, dining and living areas, totaling approximately one thousand five hundred seventy-three (1573) square feet, a garage containing approximately two hundred forty-three (243) square feet, and a porch containing approximately twenty-four (24) square feet serving the unit as a Limited Common Element.

4. Unit 1104 is a one (1) story, three (3) bedroom, two (2) bath Unit, containing a kitchen, dining and living areas, totaling approximately one thousand three hundred eight-nine (1389) square feet, and a porch containing approximately fifteen (15) square feet serving the unit as a Limited Common Element.

5. Pool/Maintenance Storage Area consists of approximately one building located adjacent to the pool.

5.13. Unit Ownership. Each Unit Owner shall be entitled to the exclusive ownership and possession of such Owner's Unit, and each Unit Owner shall have the unrestricted right of ingress and egress to such Owner's Unit, which right shall be an appurtenance to said Unit.

5.14. Description of Private Elements. The private elements of each Unit shall include (i) the air space of the area of the Building lying within the Unit Boundaries; and (ii) the surfacing materials on the interior of the exterior walls and on interior walls separating one Unit from another Unit; however, in no way shall this definition be intended to include the sheetrock on any common-party walls falling and situated between one or more Units. Such sheetrock shall be deemed a Common Element; and (iii) all bathtubs, toilets and sinks, the range, refrigerator, dishwasher, hot water heater, air conditioning and heating units, lighting fixtures and all hardware and interior and exterior wall fixtures except those exterior lighting fixture assigned to the common use of the Condominium, and the power meter and its appurtenances; and (iv) the structural components and surfacing materials of all interior walls located within the boundaries of the Unit; and (v) the structural components and surfacing materials to the floors and ceiling of the Unit; and (vi) all interior trim and finishing materials.

5.15. Surfaces. A Unit Owner shall not be deemed to own the structural components of the perimeter and/or load-bearing walls, or the windows and doors bounding the Units; however, a Unit owner shall be deemed to own and shall have the exclusive right and duty to repair, maintain, paint, tile, wax, wallpaper, carpet or otherwise finish and decorate the surfacing materials on the floor, the interior of exterior walls, and on the interior walls separating a Unit from other Units. In accordance with the terms of the Act, a Unit Owner shall also be deemed to own the ceilings, partition walls, floors, window screens, and all appurtenant installations for

utility and other services such as power, light, telephone, sewer, water, heat, and air conditioning, which are for the use of the Unit, including all pipes, ducts, wires, cables, and conduits used in connection therewith, whether located in the boundaries of the Unit or Common Areas. A Unit Owner shall have the exclusive right and duty to wash and keep clean the interior surfaces of windows and doors bounding the Unit.

5.16. Changes to Units. The Developer reserves the right to change the interior design and arrangement of any or all Units owned by the Developer, and no assurance or representation is made herein regarding the nature, character, or quality of said change. The Developer further reserves the right to alter the boundaries between such Units, which said change shall be reflected by an amendment to this Declaration which may be unilaterally executed by the Developer without notice, notwithstanding the procedures for amendment set forth herein; however, no such change of boundaries shall increase the number of Units or alter the boundaries of the Common Elements without proper amendment of this Declaration in the manner set forth herein. If the boundaries of more than one (1) Unit are altered, the Developer shall appropriately reapportion the shares of the Common Elements which are allocated to the altered Units. The said Developer Rights reserved in this section must be exercised on or before ninety-nine (99) years from the date of the recording of this Declaration in the Office of the Judge of Probate of Baldwin County, Alabama.

5.17. Common Elements. Any right, title or interest in a Unit shall automatically include as an appurtenance to such Unit, without the necessity of specific reference thereto, an appropriate and respective undivided share of the Common Elements and the right to use the Common Elements in conjunction with the other Unit Owners. The Common Elements of the

Condominium are all portion of the Condominium other than the Units, and include the common areas and facilities located substantially as shown on the Plans attached as Exhibit "B". Such Common Areas and facilities include (i) all of the Real Property; and (ii) all improvements and parts of the Real Property which are not a Unit or Private Element; and (iii) all parking areas, driveways and other means of ingress and egress, created at the time of the execution of this Declaration, notwithstanding whether any specific parking area is subsequently assigned to the exclusive use of a Unit; and (iv) the mechanical systems and installation providing service to a Building, or to any Unit, including, but not limited to, electrical power, gas, light, hot and cold water, heating and air conditioning, fireplace, sanitary and storm sewer facilities, and cables, wires, and all other apparatus and installations in the Units, except when situated entirely within a Unit for service only of that Unit; and (v) all tangible personal property required for the maintenance and operation of the Condominium and for the common use and enjoyment of the Unit Owners; and (vi) all recreational areas and facilities; and (vii) all foundations, slabs, columns, beams and supports of the Building and such component parts of exterior walls and walls separating Units, roofs, floors and ceilings as are not described herein as Private Elements; and (viii) all lawn areas, landscaping, walkways, sidewalks, curbs and steps; and (ix) all exterior steps, ramps, handrails, stairs and stairwells; and (x) all tanks, pumps, pump houses, wells, motors, fans, compressors and control equipment, and garbage equipment which are reserved for the use of certain Owners; and (xi) all outdoor and exterior lights not metered to individual Units; and (xii) all entrance and related type signs; and (xiii) all patios, balconies, terraces, porches, storage areas, and doorsteps or stoops affixed to each Unit, even if same are designated as a Limited Common Element; and (xiv) all other parts of the Condominium Property existing

for the common use or necessity of the existence, maintenance and safety of the Condominium; and (xv) all other items listed as such in the Act.

5.18. Limited Common Element. The Limited Common Elements located on the Property and the Unit to which they are assigned shall be appurtenant to those Units to which they attach and whose use is restricted to Units they are appurtenant. Such Limited Common Elements shall include (i) the patio, balcony, terrace, or porch abutting each Unit, including any storage closet or area located on said balcony; and (ii) any doorsteps or stoops abutting the Unit which provides access to and serves such patio, balcony, terrace, or porch.

5.19. Maintenance of Limited Common Elements. The maintenance, repair, upkeep, and replacement of each patio, balcony, terrace, porch, storage area, and any doorsteps or stoops providing access thereto shall be the exclusive responsibility of the Unit Owner to which such patio, balcony, terrace, porch, or storage area attached to a Unit are appurtenant. The boundary lines of each such patio, balcony, terrace, porch, or storage area attached to a Unit shall be the interior vertical surfaces thereof and the exterior unpainted finished surface of the perimeter baluster or railing abutting the patio, balcony, terrace, or porch and shall include the interior of the storage area.

VI. COMMON ELEMENTS

6.01. Ownership. A schedule setting forth the percentage of the undivided interest of each Unit in and to the Common Elements is attached hereto as Exhibit "F" and is incorporated by reference herein as if set forth in full. Such undivided percentage interest of each Unit in the Common Elements is determined by dividing the total number of square feet of interior area in each Unit by the total number of square feet of interior area in all Units which shall be

determined by the architect for the Condominium, whose determination shall be final and conclusive. Upon the incorporation of any one or more additional phases or addition into the Condominium, the percentage of undivided interest of each Unit in the Common Elements shall be recalculated in accordance with the said schedule set forth in Exhibit "F". For purposes of percentage ownership in and to the Common Elements, the percentage of Common Expenses, the percentage of Common Surplus, and voting on all matters requiring action by the Unit Owners, the percentages as set out in said Exhibit "F" shall govern. The ownership interest in the Common Elements shall be an undivided interest, and except as provided in the Act and this Declaration, such interest shall remain undivided. Each Unit Owner and the holder of any mortgage or lien or other interest in any Unit shall be deemed, by the acceptance of a conveyances of, title to, or mortgage or lien on Such Unit, to have agreed and consented, within the meaning of this Declaration and the Act, to such change or changes in the Unit's respective interest in the Common Elements and Common Surplus and each Unit's share of the Common Expenses as may result from the addition, if any, of further phases or other additions, and to have so agreed and consented to any amendment of amendments to this Declaration effectuating the same. Also, no Unit Owner shall bring any action for partition or division of the Common Elements or any other common part of the Condominium. The ownership interest in the Common Elements shall not be conveyed, transferred, encumbered or otherwise affected separate from the ownership of the Unit, and any agreement to the contrary shall be void.

6.02. Use. Each Unit Owner shall have the right to use the Common Elements in conjunction with the Owners of other Units as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the Condominium Property, except

and subject to, however, any portions thereof designated as a Limited Common Element and restricted to the exclusive use of and as an appurtenance to a specific Unit, and subject to any leases made by or assigned to the Board, and subject to the exclusive and semi-exclusive parking spaces and areas. The right to use the Common Elements shall be subject to and governed by the provisions of the Act, the Condominium Documents, and the Rules and Regulations of the Association as may be established from time to time. The Association shall have the expressed authority to convey, lease, grant concessions, or grant easements with respect to parts of the Common Elements, subject however, to the provisions of the Declaration and By-Laws. In the event any portion of the Real Property described in Exhibit "A" is not included in and made part of the Condominium, the owner of such property and such owner's agents, guests, invitees, employees, occupants, and patrons shall not use or enjoy any recreational facility of the Common Area without the consent of the Board.

6.03. Share of Expenses. Each Unit shall be assessed and such Unit and its Owner shall be individually liable for such Unit's proportionate share of the Common Expenses, and such proportionate share of the Common Expenses shall be the same ratio as the Unit Owner's percentage ownership in the Common Elements as determined in accordance with the provisions hereof. Each Unit and its owner shall also be assessed and is individually liable for the Limited Common Expenses in connection with any patio, balcony, terrace, porch, storage area, doorsteps or stoops attached to and servicing the Unit and as set forth herein. Payment of all Common Expenses and Limited Common Expenses shall be in such amounts and at such times as determined by the Association, by and through the Board in accordance with this Declaration, the Articles, and the By-Laws. All assessments shall be collected by the Association on a

monthly basis, and no Unit Owner shall be exempt from any payment of such Unit Owner's proportionate share of the Common Expenses or Limited Common Expenses by waiver, non-use or non-enjoyment of the Common Elements or Limited Common Elements, or by abandonment of such Owner's Unit. All Common Expenses and Limited Common Expenses shall include, but shall not necessarily be limited to, all expenditures, costs, or other liabilities made or incurred by the Association, together with payments or obligations to reserve accounts.

6.04. Late Payment of Assessments. All assessments for Common Expenses and Limited Common Expenses, and installments thereon shall be timely paid when due. If any such assessment or other charge is not paid on or before fifteen (15) days after the date same shall have become due, the Board shall have the right to levy and assess such late charges, penalties, interest and other costs and expenses, at a rate set by the Board, but not to exceed the maximum legal rate, together with all expenses, including, but not limited to, reasonable attorney's fees, incurred by the Association in any undertaking to collect any and all such unpaid Assessments and expenses. All payments upon account shall be first applied to such late charges, penalties, interests and other costs and expenses, including reasonable attorney's fees, and then to the Assessment payment due.

6.05. Liens for Assessments. The Association is hereby granted a continuous lien upon each Unit and its appurtenant undivided interest in the Common Elements and upon the goods, furniture and effects belonging to the Unit Owner and located in such Unit. Such lien shall and does secure any and all sums due the Association for all assessments now or hereafter levied or subject to being levied against the Unit and the Unit Owner. Such lien shall also secure all late fees, penalties, interest, attorney's fees, and all other charges and expenses which may be

charged or levied and become due on account of any delinquent Assessment due and owing to the Association and/or which may be incurred by the Association in enforcing such lien upon said Unit and its appurtenant undivided interest in the Common Elements.

6.06. Priority of Lien. The Association shall have a continuous and priority lien against the Units for nonpayment of the Common Expenses and Limited Common Expenses as is provided by and set forth in the Act. The Association's lien shall be superior and prior to all other liens and encumbrances on a Unit except, (i) liens and encumbrances recorded before this Declaration; or (ii) a first security interest on the Unit recorded before the date on which such lien or assessment sought to be enforced became delinquent; or (iii) liens for real estate taxes and other governmental charges or assessments against the Unit. The lien granted to the Association shall also secure any advances for taxes, costs, expenses, and other payments, including reasonable attorney's fees, which may be required to be advanced or paid by the Association in order to preserve and protect its lien. All persons, firms or corporations who shall acquire any right, title or interest in the ownership of any Unit, by whatever means, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the continuous and priority lien granted to the Association.

6.07. Sale or Transfer of Unit. The Association's lien for Common Expenses or Limited Common Expenses shall not be affected by any sale or transfer of a Unit, except as herein provided. A sale or other transfer of a Unit pursuant to a foreclosure of a first mortgagor or first vendor's lien shall not extinguish a subordinate lien for assessments provided such lien became due and payable prior to such sale or transfer.

6.08. Proviso. A sale or other such transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish the lien of the Association to the extent of the Common Expenses assessments and Limited Common Expense assessments based on the periodic budget adopted by the Association pursuant to the Act which would have become due in the absence of acceleration during the six months immediately preceding the institution of an action to enforce the lien. Any such delinquent assessments which were extinguished pursuant to foreclosure shall not relieve the purchaser or transferee of a Unit from liability for, or the Unit from, the lien for any Assessments made against the Unit thereafter.

6.09. Interest. The Association shall be entitled to interest at a rate set by the Board, but in no case in excess of the maximum legal rate on any such advances made for such purposes.

6.10. Foreclosure of Lien. Any lien of the Association lien may be foreclosed by the Association or its assigns in accordance with as in the case of the law of past due mortgages.

6.11. Association Entitled to Rent. In any legal action or other proceeding for the foreclosure of such lien for Assessments, the Association shall be entitled to the appointment of a receiver for said Unit, without notice to the Unit Owner. The rental required to be paid shall be equal to the rental charged on comparable type dwelling Units in the area in which the Condominium is located.

6.12. Disposition of Surplus. Each Unit shall include with it a proportionate share of Common Surplus or Limited Common Surplus, as the case may be. Such proportionate share of Common Surplus or Limited Common Surplus shall be the same ratio as that Unit Owner's percentage ownership of the Common Elements, or in the alternative, at the sole discretion of the

Association, any portion of such surplus may be added to a reserve fund for the maintenance, repair, and replacement of the Common Elements and/or the Limited Common Elements, whether same shall be ongoing, expected or a general or specific reserve for same.

VII. THE ASSOCIATION

7.01. **Powers and Duties.** The operation and administration of the Condominium shall be by the Association of the Unit Owners pursuant to the provisions of the Act and the terms and provisions of this Declaration and all other Condominium Documents. The Association shall be a not for profit Alabama corporation incorporated by Articles of Incorporation recorded in the Office of the Judge of Probate of Baldwin County, Alabama. The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or non-exercise of its powers. The Association shall have all the powers and duties set forth in the Act, as well as all the powers and duties granted to or imposed upon it under the By-Laws and other Condominium Documents as they may be amended from time to time. The Association shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of Unit Owners of the Condominium with reference to the Common Elements or the Limited Common Elements, the roof and structural components of the Condominium or other building as distinguished from mechanical elements serving only a Unit, and any and all other matters in which all the Unit Owners have a common interest. The Association is specifically authorized to enter into agreements by which its powers and duties, or some of them, may be exercised or performed by some other person or persons. The Association shall have a reasonable right of entry upon any Unit to make emergency repairs and to do other work

reasonably necessary for the proper maintenance and operation of the Department. The Association shall further have the right to grant permits, licenses, and easements upon, over and across the Common Elements and other common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper inspection, operation, maintenance or repair of the Condominium or any Unit therein. The Association, by and through its Board, shall have the authority and duty to levy and enforce the collection of all general and specific assessments for Common Expenses and Limited Common Expenses, and the Association is further authorized to provide adequate remedies for failure to pay such assessments. The Association may, in the manner provided for in the Act and as set forth herein and in the By-Laws, after notice and an opportunity to be heard, levy such reasonable fines for violations of the Declaration, By-Laws, and rules and regulations of the Association the Board deems warranted under the circumstances.

7.02. Name. The name of the Association shall be The Ridge Condominium Owners Association, Inc., An Alabama Not for Profit Corporation.

7.03. Members. Each Unit Owner by reason of being an Owner, shall be a member of the Association as long as such Owner is a Unit Owner. A Unit Owner's membership shall immediately terminate when such Owner ceases to be a Unit Owner. The membership of a Unit Owner cannot be assigned or transferred in any manner, except as an appurtenance to such Owner's Unit.

7.04. Voting Rights. Each Unit shall be entitled to one (1) vote, and such vote is not divisible. The numerical value of each such vote shall be the percentage of undivided interest in the Common Elements assigned to the Unit as per Exhibit "F" hereto. The vote for a Unit shall

be cast by the Owner thereof or such Owner's proxy in the manner set forth herein and in the By-Laws. If the Association is a Unit Owner, the Association shall not have the right to vote for that Unit.

7.05. Designation of Voting Representative. The right to vote shall be limited exclusively to one (1) person who shall be the established record title Owner of the Unit. If a Unit is owned by more than one (1) person, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, LLC, partnership, or limited partnership, or other entity, the officer, employee or individual entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the appropriate authority of such entity and submitted to and attested by the Secretary of the Association. If such a certificate is not on file with the Secretary of the Association, such membership or vote of the Unit concerned may be cast in accordance with the Act. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any Owner thereof, and such certificate shall be valid until so revoked or until suspended by a subsequent certificate or until a record change in the ownership of the Unit.

7.06. Restraint Upon Assignment of Share in Assets. The share of a member in the funds and assets of the Association cannot and shall not be assigned, hypothecated, mortgaged, conveyed or otherwise transferred in any manner, except as an appurtenance to the Owner's Unit.

7.07. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not less than three (3) nor more than seven (7)

members who shall, from time to time, be determined and fixed by a vote of a majority of the voting rights present at any annual meeting of the members.

7.08. By-Laws. The Association and its members shall be governed by the By-Laws of the Association as initially set forth in Exhibit "D" attached hereto and as may hereafter be amended.

7.09. Indemnification. Every officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, or any settlement thereof, including reasonable attorney's fees, reasonably incurred by or imposed upon such director or officer in connection with any proceeding to which such director or officer may be made a party or otherwise become involved by reason of such director or officer having been served as a director or officer of the Association, notwithstanding whether such director or officer is or was a director or officer at the time such expenses or liabilities were incurred; however, in any case where the a director or officer at the time such expenses or liabilities were incurred; however, in any case where a director or officer is adjudged guilty of willful malfeasance or misfeasance in the performance of his or her duties, such indemnification herein shall not apply unless the Board approves such indemnification as being in the best interest of the Association. The foregoing rights of indemnification shall be in addition to any and all other rights to which a director or officer may be entitled at law or equity or otherwise.

7.10. Limitation of Liability. Notwithstanding the liability of the Association to maintain and repair parts of the Condominium property, the Association shall not be liable for any injury or damage caused by a latent condition of the property so maintained and repaired by

the Association or for injury or damage caused by act of God, inclement weather, or other Owners or persons.

7.11. Rights of the Developer in Unsold Units. The Developer may make such use of the unsold Units and of the common areas and facilities as may facilitate the completion and sale of such Units, including, but not limited to, the showing of Units and the Condominium property. The Developer may maintain sales offices and models in any such unsold Unit of the Condominium or the Common Elements in the Condominium without restriction as to the number, size, or location of said sales offices, management, leasing and operations officers, and models, and the Developer may relocate same from one Unit location to another or from one area of the Condominium and Common Elements in the Condominium to another. The Developer may maintain and display signs on the Common Elements advertising such Units and the Condominium. The said Developer rights reserved by the Developer in this section shall cease and terminate ninety-nine (99) years from the date of the recording of this Declaration in the Office of the Judge of Probate of Baldwin County, Alabama.

7.12. Rights of Developer in the Association. Pursuant and subject to the Act and the provisions herein, the By-Laws, Rules and Regulations adopted by the Developer shall govern, and the Developer shall have the exclusive control of the Association and the right to appoint, remove, and designate the officers and members of the Board as the Developer should elect.

7.13. Termination of Developer Control. The Developer's said right of control shall terminate upon the earliest of either, (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than the Developer; or (ii) two (2) years after the Developer, its successors or assigns have ceased to offer Units for sale in the

ordinary course of business; or (iii) two (2) years after any Development Right to add new Units was last exercised. The Developer may voluntarily surrender the right to appoint and remove officers and members of the Board; however, in such event, the Developer may require for the duration of the period of Developer control, certain specified actions of the Association or Board as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective. Notwithstanding anything contained herein to the contrary, in no way shall any Unit Owner, Unit tenant or other occupant, the Association, the Board, or any other person or entity using the Condominium property interfere with the Developer's completion of any additional improvements on the Condominium property or the sale of any unsold Units, or any other Developer right.

7.14. Proviso. Pursuant to and in accordance with the Act, not later than ninety (90) days after conveyance of twenty-five percent (25%) of the Units which may be credited to Unit Owners other than the Developer, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than the Developer, and not later than ninety (90) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than the Developer, not less than thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the members of the Board must be elected by Unit Owners other than the Developer. Except as provided and set forth in the Act, not later than the termination of any period of Developer control, the Unit Owners shall elect a Board of at least three (3) members, at least a majority of whom must be Unit Owners other than the Developer.

7.15. Availability of Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act. The Association

shall make such records reasonably available in the county where the Condominium is located for examination by Unit Owners, prospective purchasers, first mortgagees of any Unit, or their authorized agents, including, but not limited to, current copies of the Declaration, By-Laws, Rules and Regulations and other books, records, financial statements and the most recent annual financial statement of the Association. Reasonably available shall mean available for inspection upon request, during normal business hours.

7.16. Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and Limited Common Elements. The fund shall be maintained out of regular Assessments for Common Expenses and Limited Common Expenses.

VIII. MAINTENANCE

8.01. Maintenance by the Association. The Association is responsible for the continued maintenance, repair, and replacement of the Common Elements.

8.02. Maintenance by Unit Owner. Each Unit Owner is responsible for the maintenance, repair, and replacement of such Owner's Unit and all Limited Common Elements attached thereto.

8.03. Alteration to the Common Elements. No addition, alteration, or other change to the Common Elements or Limited Common Elements shall be made without the prior approval of the Association except as may be authorized and allowed under any

Development Rights and Special Declarant Rights reserved and provided for herein, and as may be authorized by the Act. No Unit Owner or other party shall make any addition or alteration to such Owner's Unit or to the Common Elements or any Limited Common Elements or do any other act that would impair or otherwise compromise the structural integrity or safety of any part of the Unit or the Condominium property. No structural alterations shall be made within a Unit without the written consent of the Association, and no alterations, additions, improvements, repairs, replacements, or other changes to the Common Elements or the Limited Common Elements or to any outside or exterior portion of the Condominium Building shall be made, specifically including, but not limited to, screening or enclosing balconies, installing exterior doors or affixing shutters to the exterior windows, without the prior written consent of the Association. If such consent is granted, the Unit Owner shall use only a licensed contractor who shall comply with the rules and regulations with respect to the work which may be adopted by the Association. The Unit Owner making such change, whether or not such change was approved by the Association, shall assume all liability and responsibility for all damages to another Unit and to the Common Elements or Limited Common Elements caused by any contractor employed by such Unit Owner or by the subcontractor or employees of such contractor, whether said damages are caused by negligence, accident, or otherwise.

8.04. Right of Access. Every Unit Owner shall allow the Association, its delegates, agents, and employees at all reasonable times to enter into the Owner's Unit

and any Limited Common Element attached thereto for the purpose of (i) maintaining, inspecting, repairing, or replacing any Common Elements or Limited Common Elements; and (ii) to repair, maintain or replace any electrical, plumbing, heating, ventilation, air conditioning, or other system located within such Unit which services other parts of the Condominium Property; and (iii) ascertaining, in case of emergency, any circumstances threatening other Units or Common Element or Limited Common Elements and to correct the same; and (iv) inspecting and determining the Unit Owner's compliance with the provisions hereof and the other Condominium Documents.

8.05. Unit Owner's Covenants. Each Unit Owner, by acceptance of such Owner's deed, hereby covenants and agrees (i) to perform all maintenance, repairs, and replacements which are the Unit Owner's obligations under this Declaration and the Act; and (ii) to pay for all the Unit Owner's utilities, including electricity, gas, and telephone used within the Unit and all taxes levied against the Unit Owner's Unit; and (iii) not to make, or cause to be made, any repairs, to any plumbing, heating, ventilation or air conditioning systems located outside the Unit Owner's Unit, but required to be maintained by the Unit Owner pursuant to the provisions hereof, except by licensed plumbers or electricians authorized to do such work by the Association or its agent; and (iv) to promptly report to the Association any defects or needed repairs for which the Association is responsible; and (v) to reimburse the Association for any repairs or replacements which are made necessary and may be assessed against such Unit Owner

because of abuse or negligent use of the Condominium Property by the Unit Owner of the Owner's family, guest, tenant, agent, employee or other person or entity; and (vi) to comply with all of the obligations of a Unit Owner hereunder and under the Act.

8.06. Contracts for Maintenance. The Association may enter into a contract with any firm, person or corporation, or may joint with other entities, subject to the limitations set forth herein, to contract for the maintenance and repair of the Condominium or any other part of the Condominium property, and the Association may delegate to such agent all or any portion of the powers and duties of the Association, except such as are specifically required by the Condominium Documents to have the approval of the members of the Association.

8.07. Exterior Surface. The Developer shall determine the initial exterior color scheme of the Condominium Building, and thereafter, the Association shall determine such color scheme and shall be responsible for the maintenance thereof. No Unit Owner shall paint any exterior surface or make any changes thereto without the approval of the Association.

IX. INSURANCE

9.01. Purchase of Insurance. Commencing not later than the time of the first conveyance of a Unit to a person other than the Developer, the Association shall maintain insurance upon the Condominium Property to the extent reasonably available as provided for in the Act and herein.

9.02. Location of Policies. The Association shall retain and keep the original of all insurance policies in a place of safe keeping such as a safe or a safety deposit box.

9.03. Copies to Mortgagees. The Association shall furnish one copy of each insurance policy and all endorsements thereto to any first mortgagee requesting a copy thereof.

9.04. Authorization to do Business. All policies of insurance must be issued by companies specifically authorized by the laws of the State of Alabama to transact such business in the state.

9.05. Property and Casualty Insurance. The Association shall obtain, maintain, and pay the premiums therefor, as a Common Expense, the property insurance required by the Act. The type of policy shall be a "master" or "blanket" type policy of property insurance covering all of the Common Elements and fixtures, excepting, however, land, foundation, excavation, and other items usually excluded from coverage, to the extent they are part of the Common Elements of the Condominium Property, or building service equipment and supplies, or other personal property belonging to the Association. All references herein to a "master" or blanket" type of policy of property insurance are intended to denote single entity Condominium insurance coverage. In addition, any fixtures, equipment, or other property within the Units which are to be financed by a first Mortgagee, regardless of whether such property is a part of the Common Elements, must be covered by such "master" or "blanket" policy if required by said first Mortgagee. The

policy shall be in an amount deemed appropriate by the Association, but not less than the greater of eighty percent (80%) of the actual cash value of the insured property at the time the insurance is purchased or such greater percentage of such actual cash value as may be necessary to prevent the applicability of any coinsurance provision at any renewal date, exclusive of land, excavation, foundation, and other items normally excluded from property policies. The policy shall include an "Agreed Amount Endorsement" or its equivalent and, if available, an "Inflation Guard Endorsement." If there shall be a construction code provision that requires changes to undamaged portions of the Condominium Property even when only policies shall include construction code endorsements. The property insurance policy shall provide, as a minimum coverage and protection against (i) loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement; and, (ii) all other perils which are customarily covered with respect to other condominiums in the area similar in construction and to meet the requirements of the Act.

9.06. Liability Insurance. The Association must, as required by the Act, obtain, maintain, and pay the premiums therefor, as a Common Expense, a comprehensive general liability insurance policy, including medical payments insurance, covering all the Common Elements, commercial space, owned and leased by the Association, if any, and all public ways of the Condominium. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects in the area similar in

construction, location, and use; however, such coverage shall be, if reasonably available, for at least one million dollars (\$1,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, if reasonably available, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of legal actions or proceedings related to employment contracts of the Association. The policy shall also include, if reasonably available, coverage for protection against water damage liability and if applicable and necessary, elevator collision and garage keepers liability. If required by any first mortgage holder, and if reasonably available, the policy shall also include protection against such other risks as are customarily covered with respect to other condominiums in the area similar in construction, location and use, including, but not limited to, host liquor liability, employers liability, contractual, and comprehensive automobile liability insurance.

9.07. Flood Insurance. If any building in the Condominium Property shall be deemed to be in a special flood hazard area, as defined by the Federal Emergency Management Agency or other governmental agency, the Association shall, if reasonably available, obtain, maintain, and pay the premiums therefor, as a Common Expense, a "master" or "blanket" type of flood insurance policy. The policy shall cover the Common Elements falling within the designated flood area, and shall be in a form which meets the

criteria set forth in the most current guidelines issued on the subject by the Federal Government. The insurance shall be in an amount deemed appropriate by the Association, but not less than an amount equal to the lesser of (i) eighty percent (80%) of the actual cash value of the insured property located within the flood hazard area; of (ii) the maximum coverage available for the Property under the National Flood Insurance Program.

9.08. Personnel Coverage. If the Association employs any personnel, the Association shall purchase workman's compensation and all other such insurance required by the Act and the law.

9.09. Fidelity Bonds. The Association shall, if reasonably, available, obtain, maintain and pay the premiums therefor, as a Common Expense, a fidelity bond to protect against loss of money by dishonest acts of all officers, directors and employees of the Association and all other persons handling, or otherwise responsible for, funds of the Association or funds administered by the Association. Where a management agent has the responsibility for handling or administering funds of the Association, the management agent, at such agent's own expense, shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or otherwise responsible for funds of, or administered on behalf of, the Association. The fidelity bond shall name the Association as the named insured and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent at any

given time during the term of each bond; however, in no event shall the aggregate amount of such bonds be less than one hundred fifty percent (150%) of the estimated annual Common Expenses. The bond shall require any first mortgage to receive notice of cancellation or modification of the bond, and the bond shall contain a waiver by the issuer of the bond of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or other similar terms. The premiums on all bonds required herein to be maintained by the management agent shall be paid by the agent.

9.10. Other Insurance. The Association shall obtain all such other insurance required by the Act and shall have authority to obtain such other insurance in such amounts, from such sources and in such forms as the Association deems desirable. The premiums for such insurance shall be a Common Expense and paid for by the Association.

9.11. Insurance Premiums. All premiums required herein and by the Act to be maintained by the Association shall be paid by the Association as a Common Expense. In the event the Association should fail to pay such insurance premiums when due, or if the Association should fail to comply with other insurance requirements of a first mortgage, the said first mortgage shall have the right, as its option, to purchase such insurance policies and to advance such sums as are required to maintain or procure such insurance, and to the extent of any money so advanced, the said first mortgagee shall be subrogated

to the lien and assessment rights of the Association as against the individual Unit Owner for the payment of such item of Common Expense.

9.12. Provisions. All insurance coverage, if reasonably available, shall comply with the requirements of the Act and this Declarant and shall in substance and effect provide that the policy shall be primary, even if the Unit Owner has other insurance that covers the same loss, and further provide the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right of, set-off, counterclaim, apportionment, proration or contribution by reason of any other insurance obtained by or for any Unit Owner. All such coverage shall contain a waiver by the insurer of any right of subrogation to any right of the Association, or either against the Owner or lessee of any Unit, and such coverage shall not contain any provision relieving the insurer from liability for a loss occurring because the hazard to the Condominium building is increased, regardless of whether such hazard is within the knowledge or control of the Association, or because of any breach of warranty or condition or any other act or neglect by the Association or any Unit Owner or any other persons under either of them. All such coverage shall provide and contain, regardless of whether such provision is requested by the Association, that such policy may not be canceled or substantially modified and the insurer may not refuse to renew said policy, except by the insurer giving at least thirty (30) days prior written notice thereof to the Association, the Unit Owner, each holder of a first mortgage on an individual Unit, and every other person in interest who shall have

requested such notice by the insurer. Such coverage shall also contain a standard mortgagee clause which provides that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any Unit, whether or not named herein, and that such insurance, as to the interest of any mortgagee, shall not be invalidated by any act or neglect of the Association or any Unit Owner or any person under any of them. Said standard mortgagee clause shall waive any provisions invalidating such mortgagee clause because of the failure of the mortgagee to notify the insurer of any hazardous use or conveyance. Said standard mortgagee clause shall also waive any requirement that the mortgagee pay any premium thereon. No policy shall contain a contribution clause, and policy hereunder shall specifically waive same.

9.13. Unavailability of Insurance. If any insurance required herein or by the Act to be maintained is not reasonably available, the Association shall promptly give notice of that fact to all Unit Owners by hand delivery or prepaid by United States Mail.

9.14. Individual Insurance. Nothing contained herein shall be construed to prevent a Unit Owner from obtaining insurance from such Owner's own benefit.

9.15. Liabilities and Responsibilities of Unit Owners. Each Unit Owner shall be responsible for obtaining insurance for such Owner's own benefit, and each Unit Owner shall be liable for any claim, damage, or judgment entered as a result of the use or operation of such Owner's Unit or caused by such Owner's conduct.

9.16. Insurance Trustee. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association, as Insurance Trustee for each of the Unit Owners, in the percentage as established by this Declaration, which said Association, for the purpose of these provisions, is herein referred to as the Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purpose elsewhere stated herein and for the benefit of the Unit Owners and their mortgagees. The Insurance Trustee shall have the power (i) to adjust all claims arising under insurance policies purchased by the Association; and (ii) to bring suit thereon in its name and/or in the name of another insured; and (iii) to deliver releases upon payment of claims; and (iv) to compromise and settle such claims; and (v) to otherwise exercise all the rights, powers and privileges of the Association and each Unit Owner and any other holder of an insured interest in the Condominium property under such insurance policies. All actions of the Insurance Trustee shall be subject to the approval of any first mortgagee if the claim shall involve more than one Unit, and if only one Unit is involved, such actions of the Insurance Trustee shall be subject to approval of any first mortgagee holding a mortgage and encumbering such Unit.

9.17. Share of Proceeds. The Association as Insurance Trustee shall receive such insurance proceeds as are paid to it and shall hold the same in trust for the benefit of the Unit Owners and their mortgagees as follows, to-wit:

A. Common Elements. If the damage is to a Common Element, an undivided share of the proceeds on account of such damage shall be held by the Insurance Trustee for each Unit Owner, with each Owner's portion of the total proceeds being the same percentage as each Owner's share of the Common Elements appurtenant to each Owner's Unit.

B. Units and Limited Common Elements. If the damage is to a Unit or a Limited Common Element attached to the Unit, except as provided elsewhere herein, if the Unit or other Condominium property is to be repaired or restored, the proceeds on account of such damage shall be held by The Insurance Trustee for the Unit Owners of damaged Units and damaged Limited Common Elements, with the share of each Owner in the total proceeds being in the proportion that the cost of repairing the damage suffered by such Unit Owners bear to the total cost of repair, which cost shall be determined by the Board. If the Unit of Condominium property is not to be restored, the proceeds shall be held by the Insurance Trustee for the Unit Owners in the undivided shares that are the same as the Owners' respective shares in the Common Elements.

C. Mortgagees. In the event a mortgagee endorsement has been issued with respect to a Unit, the share of the Owner of such Unit shall be held in trust for the

mortgagee; however, no mortgagee shall have any right to determine or participate in the determination of whether any damaged property will be reconstructed or repaired except as may be specifically provided to the contrary elsewhere herein or in the Act.

9.18. Distribution of Proceeds. Insurance policy proceeds received by the Association as Insurance Trustee shall be held and distributed to or for the benefit of the Unit Owners in the manner set forth herein. If the damage for which the proceeds are paid is to be repaired or reconstructed, said proceeds shall be paid to defray the cost thereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners, with remittances payable to Unit Owners and their mortgagees jointly. If the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial Owners with remittances paid to each Unit Owner and their mortgagee jointly. This section shall be a covenant for the benefit of any mortgagee of a Unit and may be enforced by such Mortgagee.

X. RECONSTRUCTION OR REPAIR AFTER CASUALTY

10.01. Determination to Reconstruct or Repair. Any portion of the Common Elements or other part of the Condominium for which insurance is required hereunder which is damaged or destroyed, such damage or destruction must be repaired or replaced promptly by the Association unless, (i) the Condominium is terminated in accordance with the Act; or (ii) repair or replacement of such damage would be illegal under any state or local statute or ordinance covering health or safety; or (iii) not less than eighty percent

(80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt, votes not to rebuild. The cost of repair or replacement of a Common Element in excess of insurance proceeds in reserves is a Common Expense as provided herein and shall be paid by the Association.

10.02. Plans. Any reconstruction or repair must be performed substantially in accordance with the Act and in accordance with the Plans for the original improvements or as the Condominium property was last constructed, or if not, then according to Plans approved by the Board and by one hundred percent (100%) of the Unit Owners.

10.03. Responsibility. The Association shall be responsible for the reconstruction and repair after casualty. If the damage is only to those parts of a Unit or Limited Common Element for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for such reconstruction and repair after casualty.

10.04. Estimate of Cost. Immediately after a casualty causing damage to any part of the Condominium property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

10.05. Assessments for Damage. If the damage is to any Common Element or facility of the Condominium and the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction and repair of same, assessments shall be made against

all of the Unit Owners in sufficient amounts to provide funds for the payment of such costs. If the damage is to a Unit and the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction and repair of such Unit, the Association shall levy assessments against the Unit Owner of the damaged Unit in sufficient amounts to pay for reconstruction and repair. If the damage is to a Limited Common Element and the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction and repair of such Limited Common Element, the Association shall levy assessments against the Owner of the Unit to which such damaged Limited Common Element is attached. Any assessment for reconstruction and repair may be collected and enforced in the same manner as provided for assessments herein and in the Act.

10.06. Construction Fund. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible shall constitute a construction fund which shall be disbursed by the Association in payment of the cost of such reconstruction and repair. Said fund shall consist of proceeds of insurance held by the Association as Insurance Trustee and funds collected by the Association from assessments against Unit Owners on account of such casualty.

10.07. Disbursement of Fund. All distributions in payment of costs of reconstruction and repair shall first be made from insurance proceeds in the manner provided by the Board.

10.08. Surplus. If there remains a balance of any insurance proceeds or of a construction fund after payment of all costs of the reconstruction and repair of a Common Element or other part of the Condominium which is the responsibility of the Association to repair, such balance shall be distributed to the Unit Owners in the same percentage as each Owner's share of the Common Elements. If there remains a balance of insurance proceeds or of a construction fund established for the reconstruction and repair of a Unit or Limited Common Element after payment of all costs of reconstruction and repair to same, such balance shall be distributed to the Owners of such damage Units or damaged Limited Common Elements in the same proportion that the actual total cost of reconstruction and repair of such damage to the Owner's Unit or the Limited Common Element bears to the total amount of such insurance proceeds collected or construction fund established.

10.09. Proviso. In no event shall any Unit Owner be paid an amount in cash in excess of such estimated cost for such Owner's Unit or Limited Common Element.

10.10. Mortgagees. If there is a first mortgagee or other first lien holder, all distributions shall be paid to the Unit Owner and to the first mortgagee or other lien holder jointly.

XI. EMINENT DOMAIN

11.01. Taking of Condominium Property. The taking of any portion of the Common Elements or a Unit by eminent domain shall be deemed to be a casualty, and the

determination whether the Condominium will be reconstructed, repaired or continued after condemnation shall be in accordance with the provisions of the Act and the Condominium Documents.

11.02. Proceeds. Any award for a taking, whether from condemnation or otherwise, shall be deemed as casualty insurance proceeds and deposited with, held, and disbursed by the Association as Insurance Trustee. All condemnation awards for the taking of any portion of the Common Elements shall first be used to make the remaining portion of the Common Elements useable in the manner approved by the Board, and if the cost of such work exceeds the balance of such awards, the work shall be approved in the manner required elsewhere herein or further improvement of the Common Elements. Notwithstanding whether any such condemnation award may be owing and payable to a Unit Owner, the Unit Owner shall deposit such award with the Association as Insurance Trustee, and if the Owner fails to do so, the Board shall have the authority to levy an assessment against such defaulting Unit Owner in the amount of such award, or in the alternative, set off the amount of such award against any sums thereafter made payable to such Unit Owner.

11.03. Disbursement of Funds. All proceeds for such awards shall be used and disbursed in the manner provided herein for disbursement of funds by the Association after damage to the Common Elements. If the Condominium is terminated after condemnation, all awards therefor shall be deemed to be insurance proceeds as defined

herein, and said proceeds shall be owned and distributed in the same manner set forth herein for the distribution of insurance proceeds. If the Condominium is not terminated after condemnation or other such taking, the property damaged by the taking shall first be made usable in the manner set forth herein and as provided by the Act, and the size of the Condominium property shall be reduced and adjusted accordingly.

11.04. Unit Reduced But Habitable. If the taking reduces the size of a Unit and the remaining portion of the Unit can be made habitable, the award for the taking such portion of the Unit shall first be used to render the Unit habitable. If the cost of such restoration exceeds the amount of the award and the Unit Owner does not within a sufficient period of time provide the additional funds required for the restoration, the Association shall have the authority to extend and pay such additional fund and levy an assessment against the Unit Owner for all such funds advanced. If the floor area of the Unit is reduced by the taking, such Unit's share in the Common Element, the Common Expenses, and the Common Surplus shall be reduced and recalculated in the manner set forth herein.

11.05. Unit Made Unhabitable. If the taking is of the entire Unit, or the size of the Unit is reduced to the extent the Unit cannot be used practically or lawfully for any purpose permitted herein, the award for such condemnation or taking of the Unit shall be paid, held and disbursed in the same manner set forth herein for the distribution of insurance proceeds if the Condominium is terminated after damage to the Common

Elements. If such Unit is encumbered by a first mortgage or other first lien holder, the award shall first be paid to such first mortgagee or lien holder in an amount sufficient to pay off such mortgage or lien, and then jointly to the Unit Owner and other mortgagees. No Unit Owner shall receive from such award and be paid an amount which exceeds the market value of the Unit immediately prior to the taking. Any balance of such award after payment to the Unit Owner shall be used to repair and replace any Common Element damage by the taking. The remaining portion of the Unit, if any, shall become part of the Common Elements and shall be placed in condition for use by all of the Unit Owners in the manner approved by the Board. If the cost of such repair and incorporation exceeds the balance of the fund from such award, the work shall be approved by the Board in the manner set forth herein for further improvement of the Condominium.

11.06. Adjustment of Shares. The shares in the Common Elements, the Common Expenses, and the Common Surplus shall be adjusted to distribute the ownership of the taken Units among the reduced number of Units that continue as part of the Condominiums. This adjustment shall be done by restating said share of the continuing Unit Owners as percentages aggregating one hundred percent (100%) and the shares appurtenant to the Units of the continuing Owners shall be in the same proportions to each other as before the adjustment.

11.07. Assessments. If the balance of the award after payments to the Unit Owner(s) and all mortgagees or other lien holders of such Owner(s) is not sufficient to

finance the alteration and incorporation of the remaining portion of the Unit for use as part of the Common Elements, the Association shall have the authority to levy and assessment for such additional funds against all the Unit Owners who will continue as Unit Owners after such incorporation in proportion to the shares of those Unit Owners in the Common Elements after adjusting for such incorporation.

11.08. Surplus. Any balance or surplus of awards for the taking of a Common Element shall be distributed to the Unit Owners in the same percentages as each Owner's share of the Common Elements after proper adjustment of the shares on account of the condemnation. If such Common Element is encumbered by a first mortgage or other first lien holder, the balance shall be paid jointly to the Owners and the said first mortgagee or other first lien holder. Any balance or surplus of an award for the condemnation or taking of a Unit or Limited Common Element shall be distributed to the Owner of the Unit and the Owner of the Unit to which such Limited Common Element is attached. If such Unit or Limited Common Element is encumbered by a first mortgage or other first lien, such surplus shall be paid jointly to such Owner and first mortgagee or other first lien holder.

11.09. Conflict with Act. If there is any conflict with the provisions of this article and the Act, the provisions of the Act shall control.

XII. USE RESTRICTIONS

12.01. Residential Units. Each residential Unit shall be occupied and used only as a single family residence; however, such restriction shall not be construed in any manner

as to prohibit a Unit Owner from maintaining such Owner's personal professional library, or keeping such Owner's personal business or professional records or accounts, or handling such Owner's personal business or professional telephone calls or correspondence. Such general uses are declared expressly customarily incidental to the principal residential use and not in violation hereof.

12.02 Common Elements. The Common Elements shall be used only by the Unit Owners and the Owners' agents, servants, tenants, family members, invitees, and licensees for access, ingress to, and egress from the respective Units and for such other purposes incidental to use of the Units; however, other areas designed for a specific use shall be used for the purposes approved by the Board. The use, maintenance, and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner, and shall be subject to any lease, concession, or easement, presently in existence or entered into by the Association at some future time, affecting any part or all of said Common Elements.

12.03. Limited Common Elements. The Limited Common Elements shall be used only by the Unit Owners having an undivided interest in and to the Unit to which the Limited Common Elements are assigned, and their agents, servants, tenants, family members, invitees, and licensees for such purposes incidental to the use of said Units and consistent with the Declaration.

12.04. Signs. Except as otherwise permitted herein, no Unit Owner or occupant shall place, distribute, or maintain any sign, poster, or bill in any portion of the Common Elements or Limited Common Elements outside the Unit Owner's Unit without the written approval of the Board.

12.05. Developer Exempted. The provisions of this Article shall not be applicable to the Developer who is and shall be exempted and is hereby irrevocably empowered at all times, without limitation, whether for permanent or temporary occupancy, to sell, lease or rent Units owned by the Developer for any period and under any terms to any lessees or potential or actual purchasers or transferees, together with the right to take any action necessary to consummate the sale or rental of said Units, including, but not limited to, the right to maintain model units, post signs, conduct any and all construction activities, have employees in offices maintained in or upon the Condominium property, use the Common Elements and show Units to prospective purchasers. Signs and all other items pertaining to the sales office and the sale of Units shall not be considered Common Elements and shall remain Developer's exclusive property.

12.06. Leases. Units may be leased by the Unit Owners; however, such lease and the rights of any tenant thereunder are hereby expressly made subject to the power of the Association to prescribe reasonable rules and regulations relating to the lease and rental of the Units and to enforce the same directly against the Unit Owner or the Owner's tenant or other occupant by the exercise of such remedies as the Board deems appropriate,

including, but not limited to, eviction. Each Unit Owner who has or who shall hereafter lease a Unit hereby irrevocably empowers and authorizes the Association or its managing agent to enforce the rules and regulations of the Association and to terminate the lease of and evict any tenant who fails to comply with said rules or who provides other sufficient cause for termination of the lease and eviction in accordance with the laws of the State of Alabama, this Declaration, the By-Laws, Rules and Regulations of the Association, or any contract or lease. The Association, the Board, or designated managing agent shall not become liable to any Unit Owner, tenant, lessor, manager or any other party for any loss of rents or other damages or claims resulting from the Association's reasonable exercise of the provisions of this paragraph and the authority granted the Association by the Act and the Condominium Documents.

12.07. Time Share. No time share or other similar form of ownership shall be permitted.

12.8. No Restriction on Conveyance. Except for time share, notwithstanding anything else construed herein or the Condominium Documents to the contrary, no first right of refusal or other restriction shall exist in favor of the Developer or any other person or entity which restricts a Unit Owner's absolute right to mortgage, sell, lease, transfer, or otherwise convey the Owner's Unit.

12.9. Completion of Improvements. Until such time as the Developer has completed and sold all of the Units and retained property as set forth herein, the

Developer may make such reasonable use of the unsold Units and Common Elements as may facilitate such completion and sale.

12.10. Miscellaneous Restrictions.

(1) No agent, employee, customer, or patron of a Unit Owner shall be allowed to use any portion of the recreational facilities or other portions of the Common Elements without the expressed written approval of the Board.

(2) No waste of any kind, character or nature shall be committed in or on the Common Elements or Limited Common Elements, and any such waste shall be actionable by the Board against the Unit Owner and the Owner's agent, servant, tenant, family member, invitee, or other party committing such waste.

(3) Nothing shall be altered or construed in or on or removed from the Common Elements or Limited Common Elements without the written consent of the Board or as may otherwise be provided herein and the other Condominium Documents.

(4) Nothing shall be stored in or upon the Common Elements or Limited Common Elements except in storage closets or other storage areas designated as such or as may otherwise be provided herein or in the Condominium Documents without the prior written consent of the Board.

(5) Nothing shall be done or kept in any Unit or in or upon the Common Elements which will increase the rate of insurance for the Condominium property without the prior written consent of the Board, and not Unit Owner shall permit anything to be

done or kept in the Owner's Unit or in or on the Common Elements which will result in the cancellation of insurance of any Unit or any part of the Common Elements or which will be in violation of any law.

(6) No trailer, camper, tent, shack, garage, barn, structure of a temporary nature or character, or other outbuildings shall be permitted on the Condominium property at any time, either temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Condominium and other buildings.

(7) Parking of vehicles in driveways and parking areas shall be subject to the rules and regulations of the Board.

(8) The storage of boats, trailers, campers, jet skis, inoperable vehicles, and any other items designated by the Board shall be subject to the rules and regulations of the Board.

(9) The outdoor drying of clothes, bedding, rugs, or other similar items shall not be permitted in any form without the approval of the Board.

(10) Motorcycles, motor bikes, motor scooters, or other similar vehicles shall not be operated within or on the Condominium Property except for the purpose of transportation, it being intended that said vehicles shall not be operated within or on the Condominium property which would annoy or otherwise disturb persons or endanger persons or property.

(11) No planting, transplanting, or gardening shall be done, except within an Owner's individual Unit, and no fences, hedges, or walls shall be erected or maintained upon the Condominium property, without the expressed written approval of the Board.

(12) No animals, or pets of any kind shall be kept in any Unit or the Condominium property except those of the Unit Owners, and no animals shall be kept for commercial purposes no be allowed to create or cause any disturbance or nuisance of any kind. Any animal or pet which causes or creates any such nuisance or any unreasonable disturbance, regardless if whether owned by a Unit Owner, may be immediately and permanently removed from the Condominium property by the Board if, after warning, the animal or pet continues to cause or create a nuisance or disturbance. The owner of any pet or animal, whether or not such owner is a Unit Owner, shall be liable for any and all damage caused by such animal or pet to any part of the Condominium property or to any other property operated by the Association or to any other Unit Owner or guest in the Condominium.

(13) No nuisances shall be allowed on the Condominium property, and no use or practice will be allowed which is offensive or causes unreasonable annoyance to residents or otherwise interferes with the peaceful possession and proper use of the Condominium property.

(14) All parts of the Condominium property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate nor any fire hazard allowed to exist.

(15) No unlawful use shall be made of the Condominium property, nor any part thereof, and all valid laws, ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The Association and the Unit Owners shall ensure compliance.

(16) The Board shall not take or permit to be taken any action that unlawfully discriminates against one or more Unit Owners.

(17) The Developer may make reasonable rules and regulations regarding the use of the Condominium property which may be amended from time to time by the Board; however, all such amendments shall be approved by not less than a majority of the votes of the Association before such shall become effective. Copies of such regulations and amendments thereto shall be furnished by the Association to all Unit Owners and residents of the Condominium upon request.

(18) No action shall be taken or permitted to be taken by the Board or the Association which unlawfully discriminates against any Unit Owner.

(19) The Unit Owners, the Association, and all persons or entities under them shall have the responsibility to comply with all governmental regulations and ordinances.

(20) In the event of a conflict between any applicable rules and regulations, those promulgated by the Condominium Documents and the Association shall prevail and apply.

XIII. PURCHASE OF CONDOMINIUM UNIT BY ASSOCIATION

13.01. Decision. The decision of the Association to purchase a Unit shall be made by a majority vote of the entire Board, and such decision may be made without the approval of the members subject to the provisions and limitations set forth in this Article.

13.02. Limitation. If at any time the Association is already the Owner of a Unit or has previously agreed to purchase one or more Units, the Board may not purchase any additional Units without the prior approval of remembars holding a total of seventy-five percent (75%) of the votes of the members eligible to vote thereon, except as otherwise provided herein. A member whose Unit is the subject matter of the proposed purchase shall not be eligible to vote thereon.

13.03. Proviso. Notwithstanding the foregoing limitation or anything contained herein or in the Condominium Documents to the contrary, the Board or its designee acting on behalf of the Association, may purchase any Unit at any time if deemed necessary by a majority vote of the Board to be in the Association's best interest or to protect the loss or other compromise of the Association's lien because of the foreclosure of (i) a lien on the Unit for unpaid taxes; or (ii) a lien of a mortgage; or (iii) the

Associations' lien for unpaid Assessments; or (iv) any other judgment lien or lien attaching to such Unit by operation of law or otherwise.

XIV. NOTICE OF LIEN OR SUIT

14.01. Notice of Lien. A Unit Owner shall give notice in writing to the Secretary of the Association of every judgment or other lien upon such Owner's Unit, except liens for mortgages, taxes, and general and special assessments. Such Owner shall give such notice to the Secretary within five (5) days after the Owner receives notice of the attaching of such lien.

14.02. Notice of Suit. A Unit Owner shall give notice in writing to the Secretary of the Association of every suit or other legal proceeding which may affect the title to the Owner's Unit, and such notice shall be given within five (5) days after the Unit Owner obtains knowledge thereof.

14.03. Failure to Comply. Failure to Comply with this section will not affect the validity of any such suit or other legal action or judicial proceeding.

XV. RULES AND REGULATIONS

15.01. Compliance. Each Unit Owner and the Association shall be governed by and shall comply with the terms of the Condominium and the rules and regulations applicable to the Condominium property. Ownership of a Unit subjects the Unit Owner to compliance with provisions of the Declaration, the Articles, the By-Laws, the rules and

regulations of the Association, and any contracts to which the Association is a party, as well as to any amendments to any of the foregoing. In the event any Unit Owner fails to comply therewith, the Association and other Unit Owners shall have the authority to file an action for damages or injunctive relief, or both, in addition to any other remedies provided in the Condominium Documents and the Act.

15.02. Enforcement. The Association, by and through the Board, after reasonable notice and opportunity to be heard, shall be empowered to enforce the Condominium Documents and all rules and regulations of the Association by such means as are provided by the Act, including the imposition of reasonable fines from time to time as set forth in the By-Laws. In the event a Unit Owner fails to maintain his Unit in the manner required in the Condominium Documents or any rule or regulation of the Association, the Association, by and through the Board, shall have the right to levy and assess a special assessment against such Unit Owner and the Unit for all sums necessary to do the work necessary to effect compliance, and the Association and its employees and agents shall have the right to enter such Owner's Unit and perform the necessary work to effect compliance.

15.03. Responsibility for Negligence. A Unit Owner shall be liable for all damage and expenses of maintenance, repair, and replacement of or to such Owner's Unit and/or any other part of the Condominium property which is required because of such Owner's act, neglect, or carelessness or by such Owner's family member, guest, lessee, invitee,

employee, or agent, or other person. Such liability shall be limited, however, to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire and casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit, or the Common Elements. The liability for such increases in insurance rates shall equal five times the first resulting increase in the annual premium rate for such insurance.

15.04. No Waiver of Rights. The failure of the Association or any Unit Owner to enforce any right, covenant, restriction, or other provision of the Act, the Condominium Documents, or any rules or regulation shall not be deemed or constitute a waiver of the right to do so.

XVI. GENERAL PROVISIONS PERTAINING TO MORTGAGES

16.01. Lender's Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number, and mortgage holder, insurer, or guarantor shall be entitled to timely written notice of (i) any condemnation or casualty loss which affects either a material portion of the project or the Unit securing the mortgage; (ii) any delinquency of more than sixty (60) days in the payment of any assessments or charges owed by the Unit Owner of any Unit on which the holder holds a mortgage; (iii) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and (iv) any proposed action which requires the consent of a specified percentage of mortgage holders.

16.02. Blanket Mortgages. The entire Condominium property, or some or all of the Units included therein, may be subjected to a single or blanket mortgage constituting a first lien thereon created by a recordable instrument executed by all of the Owners of the property or Units covered thereby, and any Unit included under the lien of such mortgage may be sold or otherwise conveyed or transferred subject thereto. Any such mortgage shall provide a method whereby any unit Owner may obtain a release of such Owner's Unit from the lien of such mortgage and a satisfaction and discharge in recordable form upon payment to the holder of the mortgage of a sum equal to the reasonable proportionate share attributable to the Owner's Unit of the then outstanding balance of unpaid principal and accrued interest, and any other charges then due and unpaid. The proportionate share of the mortgage required to be paid for release shall be determined by provisions pertaining thereto stated in the mortgage, or, if the mortgage contains no such provisions, then according to the proportionate share of the Common Elements of the Condominium attributable to such Unit or Units.

XVII. TERMINATION

17.01. Written Agreement. The termination of the Condominium may only be effected in accordance with the provisions of the Act and by agreement and consent of the Owners of Units to which at least ninety percent (90%) of the votes in the Association are

allocated, and such agreement shall be evidenced by a written instrument executed in the manner required for a deed and same shall be recorded in the public records of Baldwin County, Alabama. Notwithstanding the foregoing provisions, at no time during the period of Declarant control shall the Condominium be terminated without consent of the Declarant.

17.02. Ownership After Termination. After proper termination of the Condominium, the Unit Owners shall own the Condominium property and all assets of the Association as tenants in common in undivided shares.

XVIII. COVENANT AGAINST PARTITION

18.01. No judicial or other partition of the Common Elements or any other portion of the Condominium property, or any part thereof, shall be made, and no person or entity having or acquiring any interest in the property or any part thereof shall file or seek any such partition unless such property has been properly removed from the provisions of the Act.

XIX. AMENDMENT

19.01. General. This Declaration, the Articles, and the By-Laws may be amended as provided by the Act upon the affirmative vote and agreement of the Unit Owners representing at least two-thirds ($\frac{2}{3}$) of the eligible allocated votes in the Association.

19.02. Written Instrument. Any such amendment shall be in writing and executed by the Secretary of the Association and recorded in the public records of Baldwin County, Alabama.

XX. MISCELLANEOUS

20.01. Intent. The intent of the Developer is to create a Condominium pursuant to the Act, and in the event the Condominium fails in any respect to comply with the Act, then the common law as the same exists on the filing date of this Declaration shall control.

20.02. Government of the Condominium. The Condominium hereby created shall be governed in accordance with the laws of the State of Alabama, this Declaration, the By-Laws, the Articles, and all amendments, other instruments, and exhibits attached to or made a part thereof.

20.03. Covenants Running With the Land. All provisions of the Condominium Documents shall, to the extent applicable and unless otherwise expressly therein provided to the contrary, be perpetual and be construed to be covenants running with the land and with every part thereof and interest therein; and all of the provisions of the Condominium Documents shall be binding on and inure to the benefit of any Owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representative, successors, and assigns, but said provisions are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public. All Unit

Owners and Occupants shall be subject to and shall comply with the provisions of the Condominium Documents and any rules and regulations promulgated thereunder.

20.04. Applicable Law and Venue. Any dispute or litigation arising between any parties whose rights or duties affected or determined by the Condominium Documents shall be governed by the laws of the State of Alabama and venue shall be proper in Baldwin County.

20.05. Notice. All notices required or desired to be sent by or to the Association hereunder pursuant to any of the Condominium Documents from time to time shall comply with the provisions of the Act. All notices required or desired to be sent by the Association to the Unit Owners shall be in writing, and except as provided specifically herein to the contrary or in the Act, all notices to any Unit Owner shall be delivered in person or sent by first-class mail to the address of such Unit Owner at the Condominium, or to such other address as such Owner may have designated from time to time, in writing, to the Association. Proof of such mailing or personal delivery to a Unit Owner may be provided by the affidavit of the person delivering such notice or by a post office certificate of mailing, and such notice shall be deemed to have been given when delivered to the addressee in person or shown by a certified mail receipt or other post office certificate of mailing.

20.06. Waiver. No right, condition, covenant, or provision contained in the Condominium Documents shall be deemed to have been waived by reason of any election

or failure to enforce the same, notwithstanding the number of violations or breaches thereof which may occur.

20.07. Ratification. Each Unit Owner, by reason of having acquired ownership of the Unit, whether by purchase, gift, operation of law, or otherwise, shall be deemed to have acknowledged, agreed, and ratified that all the provisions of the Condominium Documents and any rules and regulations promulgated thereunder are fair and reasonable in all material respects.

20.08. Captions. Any captions used in the Condominium Documents are inserted solely as a matter of convenience and reference and shall not be relied on and/or used in construing the effect or meaning of any of the text of the Condominium Documents.

20.09. Costs and Attorney's Fees. In any proceeding arising because of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be awarded by the Court.

20.10. Severability. If any Court with proper jurisdiction determines, in whole or in part, that any covenant or restriction or any paragraph, subparagraph, sentence, clause, phrase, word or other provision of the Act, this Declaration, the Articles, the By-Laws, or any rule or regulation of the Association promulgated pursuant thereto, or any exhibits attached hereto, all as may be amended from time to time, to be invalid, or such Court determines, in whole or in part, the application of any such covenant, restriction,

paragraph, subparagraph, sentence, clause, phrase, word or other provision is invalid, such invalidity shall not affect the remaining portion thereof in any way.

IN WITNESS WHEREOF, the Developer, THE RIDGE, LLC, by and through its duly authorized manager, has caused this instrument to be executed under seal on this 13th day of March, 2002.

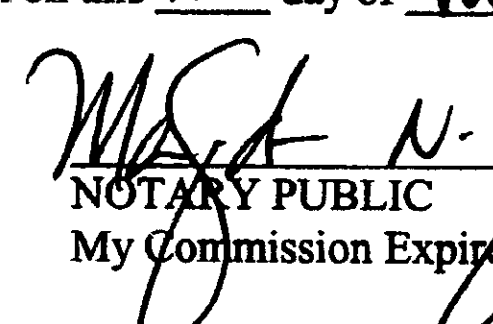
THE RIDGE, LLC
An Alabama Limited Liability Company

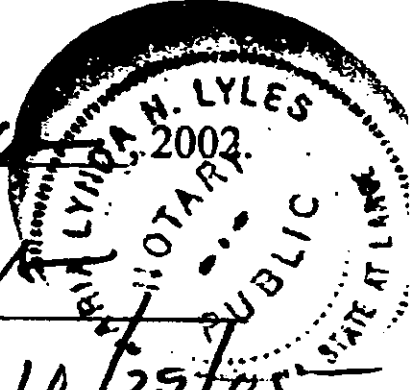

BARTON E. KAISER
Its Managing Member

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that BARTON E. KAISER, whose name as Managing Member 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 said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this 13th day of March


NOTARY PUBLIC
My Commission Expires: 10/29/05



This Instrument Prepared By:
Mark D. Ryan, P.C.
Attorney at Law
Post Office Box 1000
Bay Minette, Alabama 36507

EXHIBIT

A

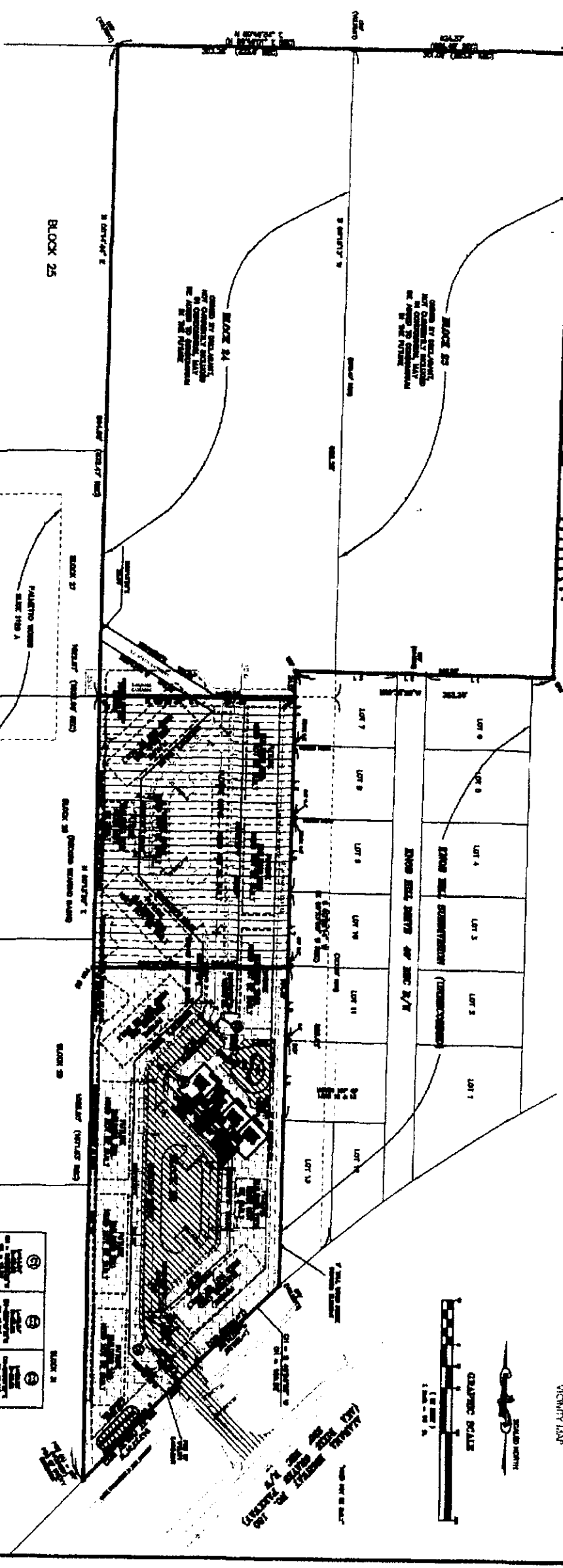
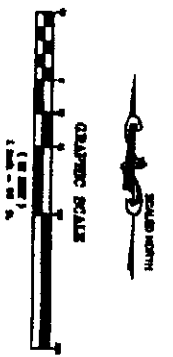
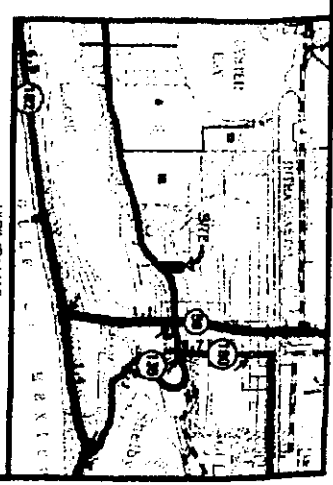
COMMENCE AT THE SOUTHWEST CORNER OF BLOCK 32, UNIT 3 OF GULF SHORES AS RECORDED IN MAP BOOK 3, PAGE 9 IN THE OFFICE OF THE JUDGE OF PROBATE OF BALDWIN COUNTY, ALABAMA, SAID POINT SHOWN ON MAP BY CLAUDE W. ARNOLD, ALABAMA REGISTRATION NUMBER 1276, DATED NOVEMBER 2, 1983 AND SAID POINT BEING ON THE NORTH RIGHT OF WAY OF ALABAMA HIGHWAY NO. 180, AKA DIXIE GRAVES PARKWAY; THENCE RUN N 00°13'30" E A DISTANCE OF 1058.00 FEET TO A POINT; THENCE RUN N 89°21'30" E A DISTANCE OF 267.30 FEET TO A POINT ON THE WEST LINE OF LOT 7 OF KNOB HILL SUBDIVISION, AN UNRECORDED SUBDIVISION; THENCE RUN S 00°27'02" W A DISTANCE OF 100.13 FEET; THENCE RUN S 00°26'02" W A DISTANCE OF 99.94 FEET; THENCE RUN S 00°38'29" W A DISTANCE OF 99.69 FEET; THENCE RUN S 00°29'40" W A DISTANCE OF 100.21 FEET; THENCE RUN S 00°38'33" W A DISTANCE OF 99.86 FEET; THENCE RUN S 00°32'14" W A DISTANCE OF 328.61 FEET TO THE SOUTHWEST CORNER OF SAID KNOB HILL SUBDIVISION (SAID SUBDIVISION BEING AN UNRECORDED SUBDIVISION), SAID POINT BEING ON THE NORTH RIGHT OF WAY OF ALABAMA HIGHWAY NO. 180; THENCE RUN IN A SOUTHWESTERLY DIRECTION ALONG SAID RIGHT OF WAY ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 2,074.86 FEET FOR AN ARC DISTANCE OF 190.02 FEET; THENCE RUN S 43°23'31" W ALONG THE NORTH RIGHT OF WAY OF SAID ALABAMA HIGHWAY NO. 180 A DISTANCE OF 185.30 FEET TO THE SOUTHWEST CORNER OF SAID BLOCK 32, UNIT 3 OF GULF SHORES AND THE POINT OF BEGINNING. BEING A PORTION OF BLOCK 32, UNIT 3 OF GULF SHORES AS RECORDED IN MAP BOOK 3, PAGE 9 IN THE OFFICE OF THE JUDGE OF PROBATE OF BALDWIN COUNTY, ALABAMA.

THE RIDGE, B CONDOMINIUM
Instrument 648393 Page 67 of 127

ALABAMA
LICENSED PROFESSIONAL ENGINEER
JOHN W. PETERSON
190622
3-13-02

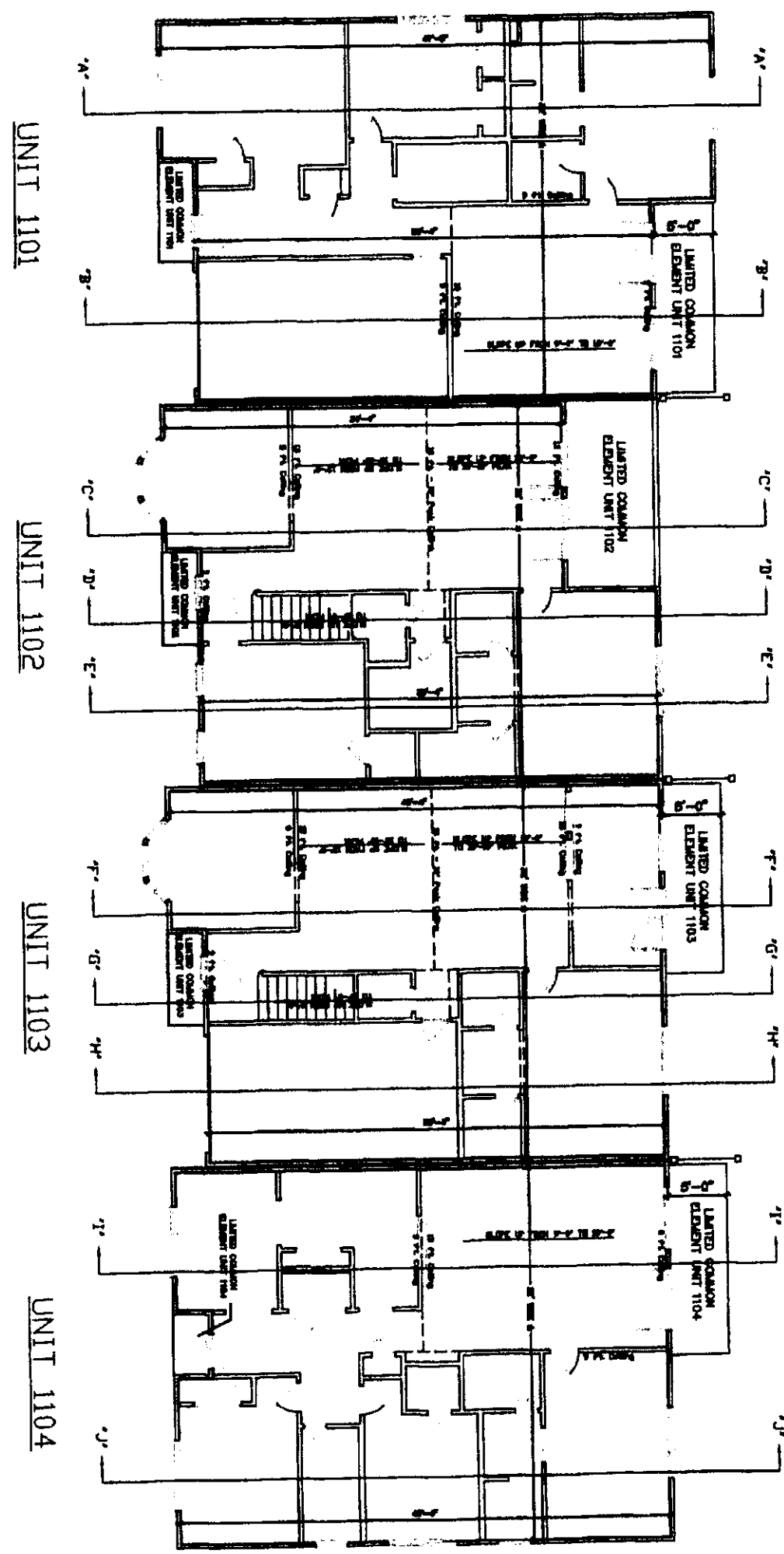
LEGEND

[Symbol]	Proposed Building Footprint
[Symbol]	Proposed Parking Spaces
[Symbol]	Proposed Driveways
[Symbol]	Proposed Walkways
[Symbol]	Proposed Fences
[Symbol]	Proposed Retaining Walls
[Symbol]	Proposed Stormwater Management
[Symbol]	Proposed Landscaping
[Symbol]	Proposed Utilities
[Symbol]	Proposed Other



THIS IS NOT A SURVEY

JOHN W. PETERSON & Co., LLC
REGISTERED PROFESSIONAL ENGINEER
ALABAMA
THE RIDGE
A CONDOMINIUM
BLOCK 23, 24, 25
LOT 1 THROUGH LOT 13



VERTICAL UNIT BOUNDARIES

SCALE: 3/16"=1'-0"

NOT TO SCALE
THIS PLAN IS A SUMMARY OF THE UNIT BOUNDARIES AND DOES NOT REPRESENT THE EXACT BOUNDARIES OF THE UNITS. THE EXACT BOUNDARIES OF THE UNITS SHALL BE DETERMINED BY THE SURVEYOR'S FIELD NOTES AND THE SURVEYOR'S FIELD BOOKS. THE SURVEYOR'S FIELD NOTES AND THE SURVEYOR'S FIELD BOOKS SHALL BE KEPT ON FILE AT THE OFFICE OF THE SURVEYOR.

John W. Peterson & Co., L.L.C.
ENGINEERING PLANNING CONSULTING

1315 S. COMMERCIAL DRIVE, SUITE 102B
P.O. BOX 640 FOLEY, ALABAMA 36535
phone (251) 970-3535 fax (251) 970-3537
EMAIL jwpandco@att.net

PLANS

THE RIDGE,
A CONDOMINIUM

DATE: 3/17/04
DRAWN BY: JWP
CHECKED BY: JWP
SCALE: 3/16"=1'-0"
SHEET NO. 1 OF 2

A technical drawing of a rectangular structure, possibly a cross-section of a building or a container. The drawing shows a rectangle with a diagonal line running from the bottom-left corner to the top-right corner. The diagonal line is labeled with the text "DIAGONAL" and "1000". The rectangle is divided into two triangles by this diagonal. The top triangle is labeled with "1000" and "1000". The bottom triangle is labeled with "1000" and "1000". The drawing is oriented vertically on the page.

[illegible][illegible]

2017-10-01	2017-10-01
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The diagram illustrates a rectangular plate of length \$L\$ and width \$B\$. A vertical section line is drawn at a distance \$x\$ from the left end. The upper portion of the plate is designated as the area of "STRESS CONCENTRATION," while the lower portion shows the "STRESS DISTRIBUTION." This distribution is represented by a diagonal line sloping upwards from left to right, indicating that stress increases both along the length of the plate and across its width.

[illegible]

HORIZONTAL UNIT BOUNDARIES

INTERESTING FACTS: FROM A LEGAL STANDPOINT IN THE STATE OF ALABAMA, BOTH MEN AND WOMEN ARE ALLOWED TO SUE FOR DAMAGES IN CASE OF A PERSONAL INJURY. HOWEVER, THE COURT HAS NOT YET DECIDED IF WOMEN CAN SUE FOR PAIN AND SUFFERING IN CASE OF A PERSONAL INJURY. THE COURT HAS NOT YET DECIDED IF WOMEN CAN SUE FOR PAIN AND SUFFERING IN CASE OF A PERSONAL INJURY.

2007-2010

1315 S. COMMERCIAL DRIVE, SUITE 102B
P.O. BOX 640 FOLEY, ALABAMA 36536
phone (251) 970-3535 fax (251) 970-3537
EMAIL jspanco@gulfal.com

PLANTS

**THE RIDGE,
A CONDOMINIUM**

BOULE 3/16" - 1000000 IN 1000

THE 1999 GUY INDEX. A

35

SECRET **NO. 2473**

EXHIBIT C ARTICLES OF INCORPORATION

OF

THE RIDGE CONDOMINIUM OWNERS ASSOCIATION, INC.

WHEREAS, the undersigned natural persons, being over the age of nineteen (19) years, do hereby associate themselves for the purpose of forming a non-profit corporation under the Alabama Nonprofit Corporation Act, § 10-3-1, et seq., Code of Alabama, 1975, as amended, and the Alabama Uniform Condominium Act of 1991, Section 35-8A-101, et seq., Code of Alabama, 1975, as amended.

AND WHEREAS, the terms used herein shall have the same meaning for each, unless the context otherwise requires, as stated in the Alabama Nonprofit Corporation Act, § 10-3-1, et seq., Code of Alabama, 1975, amended, and the Alabama Uniform Condominium Act of 1991, Section 35-8A-101, et seq., Code of Alabama, 1975, as amended,

hereinafter referred to collectively as the "ACTS," and the Declaration of Condominium of The Ridge, a Condominium to be recorded in the public records of Baldwin County, Alabama; hereinafter referred to as the "DECLARATION."

WHEREFORE, the undersigned incorporators do hereby certify as follows, to-wit:

ARTICLE ONE

NAME AND ADDRESS

1.01. The name of the corporation shall be The Ridge Condominium Owners

Association, Inc., an Alabama nonprofit corporation, hereinafter referred to as the
“ASSOCIATION,” and the address shall be Post Office Box 1318, Gulf Shores, Alabama

36547.

ARTICLE TWO

PURPOSE

2.01. The Association is hereby organized for the primary purpose of maintaining, operating and managing the condominium project known as The Ridge Condominium, a condominium located on Fort Morgan Road, Gulf Shores, Baldwin County, Alabama, and transact any and all lawful business and to do all things necessary and ancillary in aid of the accomplishment thereof.

ARTICLE III

POWERS

3.01 Implied Powers. The Association shall have all of the common law and statutory powers of a not-for-profit corporation which are not in conflict with the purposes of the Association as set forth in this Article, the Declaration, and the Acts.

3.02. Specific Powers. The Association shall have all of the powers set forth in the Acts, and all of the powers reasonably necessary to operate the Condominium pursuant to the Declaration, including, but not limited to, the following irrevocable specific rights, powers, and authority, to-wit:

- (1) To enforce the covenants and restrictions contained in the Declaration, and

to make, establish, and enforce reasonable rules and regulations governing the operation, administration, management, and use of the Condominium and all portions thereof.

(2) To establish a budget for the operation and management of the Condominium, and to designate those expenses which shall constitute the Common Expenses of the Condominium.

(3) To make, levy and collect assessments against Unit Owners of the Condominium to provide the funds to pay for all Common Expenses of the Condominium as provided for in the Condominium Documents and in the Acts.

(4) To use and expend the proceeds of all assessments in the accomplishment of the purposes of the Association and the proper exercise of its powers and duties.

(5) To maintain, repair, replace, and operate all portions of the Condominium property which the Association has the duty or right to do so under the Condominium Documents.

(6) To have access to each Unit during reasonable hours as may be necessary for the maintenance, repair, or replacement of any Common Elements or Limited Common Elements therein or accessible therefrom, or to have immediate access at any time as may be necessary for making emergency repairs or as may be necessary to prevent damage to any other Unit or the Condominium.

(7) To contract for the management of the Condominium property and to delegate to any agent all or some of the powers, duties, and responsibilities of the Association.

(8) To employ personnel to perform the services required for proper operation of the Condominium.

(9) To purchase and maintain all forms of insurance on the Condominium property for the

protection of the Association and its members.

(10) To make additional improvements on and to the Condominium property.

(11) To reconstruct the Condominium property after casualty or other loss.

(12) To approve or disapprove the transfer, mortgage, and ownership of Units to the extent such power is granted to the Association under the Condominium Documents.

(13) To retain legal counsel at the expense of the Association and to enforce by legal action the provisions of the Condominium Documents and all rules and regulations of the Association.

(14) To acquire, by purchase or otherwise, Units in the Condominium, and to hold, lease, mortgage, and convey the same as the Association should elect.

(15) To lease or license the use of Common Elements and Limited Common Elements in a manner not inconsistent with the rights of Unit Owners and the Acts.

(16) To pay all taxes and assessments which are liens against any part of the Condominium and the appurtenances thereto, other than individual Units, unless the individual Units are owned by the Association, and to assess the same against the Units and the Owners thereof.

(17) To pay the cost of all power, water, sewer, trash, garbage, and other utility services rendered to the Condominium and not billed to the individual Units.

(18) To adopt and establish By-Laws for the operation of the Association.

(19) To own, operate, lease, sell, trade, mortgage, or otherwise deal with any property, real or personal, as may be necessary to operate and administer the Condominium.

ARTICLE IV

ASSOCIATION FUNDS AND PROPERTY

4.01. **No Dividends.** The Association shall pay no dividend, and shall distribute no part

of its income or property to its members, directors, or officers; however, the Association may pay compensation in a reasonable amount to its members, Directors, and Officers for services rendered, and, in accordance with the Acts, the Association may confer benefits on its members in conformity with the Declaration and the purposes of the Association.

4.02. Distribution Upon Termination. Upon termination, the Association may make such distributions to its members as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income. All funds and property acquired by the Association and all proceeds therefrom shall be held and used for the benefit of the members of the Association in accordance with the provisions of the Declaration, these Articles and the By-Laws.

ARTICLE V

MEMBERS

5.01. Qualification. Membership in the Association shall consist only of the Unit Owners in the Condominium, and all such Owners shall be a member by virtue of being an Owner.

5.02. Certification of Membership. This Corporation shall issue no shares of stock of any kind or nature whatsoever. Evidence of membership shall be the recordation of the member's deed.

5.03. Change of Membership. Change of membership in the Association shall be established by the recording in the public records of Baldwin County, Alabama, of a deed or other instrument conveying title to a Unit, and the delivery to the Association of a certified copy of such instrument. The new Unit Owner designated by such instrument shall thereupon become

a member of the Association, and the membership of the prior Unit Owner shall thereby be terminated.

5.04. Transfer of Membership. Membership in the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to a member's Unit.

5.05. Meetings. The By-Laws, subject to any provision therein, shall provide for an annual meeting of members and for regular and special meetings other than the annual meeting.

5.06. Voting. The owner of each Unit shall be entitled to the number of votes specified in the Declaration for that Unit and exercised in the manner set forth in the By-Laws.

ARTICLE VI

DIRECTORS

6.01. Number. All property, business, and affairs of the Association shall be managed by a Board of Directors; hereinafter referred to as the "Board," and said Board shall consist of not less than three (3) nor more than seven (7) members. Except as may otherwise be provided in the By-Laws, each Director shall be either a person designated by the Developer or a Unit Owner.

6.02. Election. Directors may be designated, appointed, elected and removed as provided in the By-Laws and the Acts.

6.03. Authority. The Board shall have the authority to exercise all of the duties and powers of the Association existing under the Acts, the Declaration, these Articles, and the By-Laws, subject only to approval by Unit Owners when such approval is specifically required by the Acts, the Declaration, these Articles, or the By-Laws. Such authority shall also extend to any agent, contractor, employee, or other person or entity designated by the Board.

6.04. Initial Directors. The Board shall initially consist of three (3) members who shall hold office until the election or appointment of their successors. The name and address of each said initial member are as follows, to-wit:

Barton E. Kaiser
Post Office Box 1318
Gulf Shores, Alabama 36547

J. Myles Reed
114 N. Hoyle Avenue
Bay Minette, Alabama 36507

J. Randle McKinney
Post Office box 2999
Gulf Shores, Alabama 36547

ARTICLE VII

OFFICERS

7.01. The affairs of the Association shall be administered by officers in accordance with the By-Laws, and such Officers shall serve until the election or appointment of their successors in accordance with the By-Laws. The name and address of each initial Officer is as follows, to-wit:

Barton E. Kaiser - President
Post Office Box 1318
Gulf Shores, Alabama 36547

J. Myles Reed - Secretary and Treasurer
114 N. Hoyle Avenue
Bay Minette, Alabama 36507

J. Randle McKinney - Vice President
Post Office Box 2999
Gulf Shores, Alabama 36547

ARTICLE VIII

INCORPORATORS

8.01. The name and address of each incorporator of the Association is as follows, to-

wit:

Barton E. Kaiser
Post Office Box 1318
Gulf Shores, Alabama 36547

J. Myles Reed
114 N. Hoyle Avenue
Bay Minette, Alabama 36507

J. Randle McKinney
Post Office Box 2999
Gulf Shores, Alabama 36547

ARTICLE IX

REGISTERED OFFICE AND AGENT

9.01. The initial registered office of the Association shall be 3501 Gulf Shores Parkway #7, Gulf Shores, Alabama 36542. Barton E. Kaiser is the initial registered agent of the corporation at such address.

ARTICLE X

DURATION

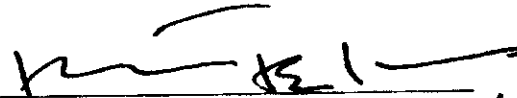
10.01. The duration of the Association shall be perpetual or until properly terminated by the termination of the Condominium in accordance with the terms of the Declaration and the Acts.

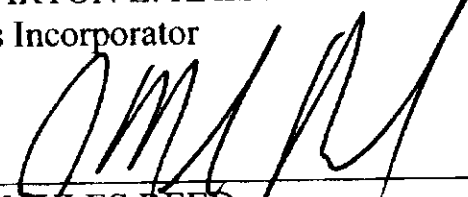
EXECUTION

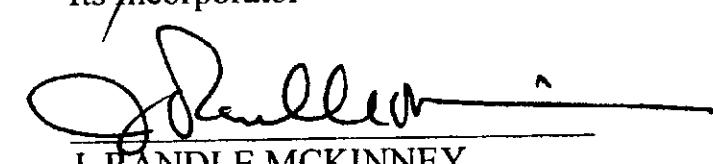
IN WITNESS WHEREOF, the above-named Incorporators have caused this instrument to be duly executed under seal this 13th day of March, 2002.

THE RIDGE PROPERTY
OWNERS' ASSOCIATION

By:


BARTON E. KAISER
Its Incorporator

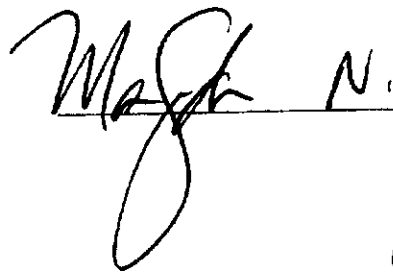

J. MYLES REED
Its Incorporator

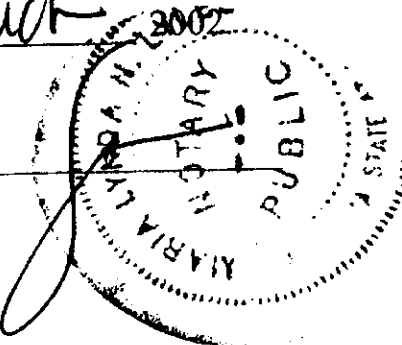

J. RANDLE MCKINNEY
Its Incorporator

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that BARTON E. KAISER, whose name as Incorporator 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 said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this 13th day of March, 2002


Notary Public



NOTARY PUBLIC

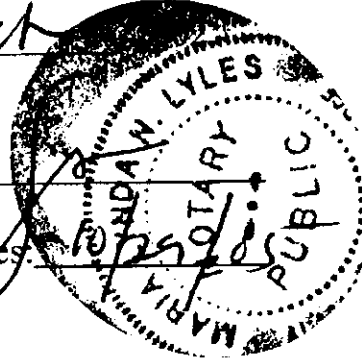
My Commission Expires: 10/29/05

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that J. RANDLE MCKINNEY, whose name as Incorporator 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 said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this 13th day of March

Mark N.
NOTARY PUBLIC
My Commission Expires: 10/29/05

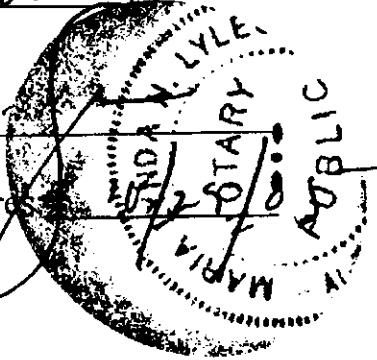


STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that J. MYLES REED, whose name as Incorporator 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 said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal on this 13th day of March, 2002.

Mark N.
NOTARY PUBLIC
My Commission Expires: 10/29/05



This Instrument Prepared By:

Mark D. Ryan, P.C.
Attorney at Law
Post Office Box 1000
Bay Minette, Alabama 36507

BY-LAWS OF
THE RIDGE CONDOMINIUM
OWNERS ASSOCIATION, INC.

ARTICLE I

PURPOSE AND APPLICATION

1.01. Purpose. These By-Laws are made for the proper administration of The Ridge Condominium Owners Association, Inc., hereinafter referred to as the "Association," an Alabama not for profit corporation, organized pursuant to the Alabama Nonprofit Corporation Act, § 10-3-1, et seq., Code of Alabama, 1975, as amended, and the Alabama Uniform Condominium Act of 1991, Section 35-8A-101, et seq., Code of Alabama, 1975, as amended, hereinafter referred to collectively as the "Acts," formed for the purpose of managing and operating The Ridge, a Condominium, located in Baldwin County, Alabama, hereinafter referred to as the "Condominium."

1.02. Applicability. The provisions of these By-Laws shall be applicable to all of the Condominium property and all improvements thereon. All present and future Owners and their family, guests, tenants, agents, and employees, and any other person, entity, or occupant using any facility of the Condominium in any manner, are and shall be subject to, and do hereby ratify and agree to comply with, all rules, regulations and provisions established and set forth in these By-Laws and the Declaration as the same may be amended from time to time.

ARTICLE II

PRINCIPAL OFFICE AND AGENT

2.01 Principal Office. The principal office and initial mailing address of the Association shall be 3501 Gulf Shores Parkway, Palm South Center, Suite 7; Post Office Box 1318, Gulf Shores, Alabama 36547, or at such other place hereafter designated by the Board. All books and records of the Association shall be kept at its principal office.

2.02. Principal Agent. The initial registered agent of the Association shall be Barton E. Kaiser.

ARTICLE III

DEFINITIONS

3.01. Declaration. The term "Declaration" as used herein shall have the same meaning as that certain Declaration of Condominium of The Ridge, a Condominium, as same is recorded in the Office of the Judge of Probate of Baldwin County, Alabama, as the same may be amended from time to time in accordance with the terms thereof.

3.02. Other Terms Defined. All other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporation by reference and made a part hereof.

ARTICLE IV

MEMBERSHIP

4.01. Qualification. The only qualification for membership shall be ownership of a Unit in the Condominium, and said membership shall appurtenant to the Unit. Said membership may not be separated from the Unit. No initiation fees, costs or dues shall be

assessed against any person as a cost of membership or a condition of the exercise of the rights of membership except such assessments, levies, and other charges specifically authorized by the Declaration.

4.02. Succession. The membership of each Unit Owner shall automatically terminate upon the conveyance, transfer, or other disposition of a Unit Owner's interest in the Unit, and said membership shall automatically be transferred to the new succeeding Unit Owner. The succeeding Unit Owner shall thereafter be a member of the Association pursuant to such ownership interest and shall be subject to all rights, privileges, conditions, covenants, and other matters associated therewith.

4.03. Certificates of Membership. The Association shall issue no shares of stock of any kind of nature whatsoever.

ARTICLE V

MEETINGS OF MEMBERS

5.01. Annual Meeting. A meeting of the members shall be held at least once each calendar year and not later than thirteen (13) months after the last preceding annual meeting. The purpose of the meeting shall be to elect the Board of Directors of the Association, hereinafter referred to as the "Board," and to transact any other business authorized to be transacted by the members or stated in the notice of the meeting sent to members in advance thereof. Said annual meeting shall be held on the date and at the place and time as determined by the Board from time to time.

5.02. Special Meetings. Special meetings of the members may be called at any time by the President, a majority of the Board, or upon receipt by the Board of a written

request of members representing at least twenty (20) percent of the total votes of the Association. The business conducted at a special meeting shall be limited to that stated in the said notice of the meeting.

5.03. Notice of Meeting. Notice of all meetings of members shall state the date, time and place of the meeting and the items on the agenda, including, but not limited to, any budget changes, the general nature of any proposed amendment to the Declaration or By-Laws, and any proposal to remove an officer or a member of the Board. Such notices shall be prepared and delivered by or at the direction of the Secretary, and may be delivered either personally or by mail to a member at the address furnished to the Board by said member, or to the member's Unit if no such address has been given to the Board. All said notices of the annual and special meetings shall be mailed or delivered to each member not less than ten (10) days or more than sixty (60) days prior to such meeting. Proof of such notice, if requested, shall be given by affidavit of the person giving the notice. A copy of the notice of any meeting of members shall also be posted in a conspicuous place on the Condominium property at least seven (7) days prior to the meeting.

5.04. Waiver of Notice. Any member or mortgagee may waive the right to receive notice of the annual meeting by sending a written waiver to the Board. Notice of special meetings may be waived before or after the meeting, either orally or in writing. Attendance by a member at an annual or special meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

5.05. Quorum. Except as otherwise provided by the Articles, the Declaration,

these By-Laws, or at law, a quorum of members for any meeting shall be deemed present throughout such meeting if members, represented in person or by proxy, holding at least fifty-one percent (51%) of the votes entitled to be cast at such meeting are present at the beginning of such meeting.

5.06. Adjournment for Lack of Quorum. If a quorum of members is not present at any annual or special meeting either in person or by proxy, a majority of those members entitled to vote and present at such meeting, either in person or by proxy, and after announcing the beginning of the meeting, shall have the power to adjourn the meeting, from time to time, without notice, until the requisite number of members are present either in person or by proxy. At any such adjourned meeting at which the requisite number of votes are present, either in person or proxy, any business may be transacted which might have been transacted at the meeting as originally noticed.

5.07. Action Without Meeting. Any action which may be taken at a meeting of the members may also be taken without such a meeting, provided, (i) the requisite number of members required to take such action at a meeting consents; and (ii) such consent is in writing and signed by said members; and (iii) such consent sets forth the action to so taken; and (iv) is filed with the Secretary.

5.08. Order of Business. The order of business at all annual and other meetings of the members, as much as reasonably practical, shall be as follows, to-wit:

- (1) Call to Order of the meeting.
- (2) Calling of the roll and certifying of proxies.
- (3) Proof of notice of meeting or waiver of notice.
- (4) Reading and approval of the minutes.
- (5) Reports of officers.

- (6) Reports of committees.
- (7) Election of Directors.
- (8) Old or unfinished business.
- (9) New business.
- (10) Adjournment.

5.09. Minutes of Meeting. The minutes of all meetings shall be kept in a book available for inspection at reasonable times by Unit Owners or their authorized representatives.

5.10. Developer Control. The Developer shall retain initial control of the Association in accordance with the terms and conditions of the Declaration and other condominium documents.

ARTICLE VI

VOTING RIGHTS OF MEMBERS

6.01. Number of Votes. The number of votes to which each Unit is entitled to cast is provided in the Declaration, and said votes shall not be divisible.

6.02. Designation of Voting Members. If a Unit is owned by more than one person, the persons entitled to cast the vote or votes for the Unit may be designated by a certificate signed by all of the record owners of the Unit and filed with the Secretary. If a Unit is owned by a corporation, partnership, trust, or other legal entity, the person entitled to cast the vote or votes for the Unit may be designated by a certificate of appointment signed by a duly authorized representative of the entity and filed with the Association's Secretary. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit, and a certificate may

be revoked by any Owner of an interest in the Unit. Any such revocation shall be in writing and signed by a duly authorized representative of the entity and filed with the Association's Secretary.

6.03. Failure to Designate a Voting Member. If a Unit is owned by more than one person and such Owners do not designate a voting member as required herein, the following provisions shall apply, to-wit:

- (1) If more than one such owner is present at any meeting, and said Owners are unable to concur in a decision on any subject requiring a vote, said Owners shall lose their right to vote on that subject at that meeting; however, said vote or votes shall be included in the determination of the presence of a quorum.
- (2) If only one such owner is present at a meeting, such person attending shall be entitled to cast the vote or votes pertaining to the Unit.
- (3) If more than one such owner is present at the meeting, and said Owners concur, any one such owner may cast the vote or votes for the Unit.

6.04. Voting by Proxy. Votes may be cast in person or by proxy, as provided for in the Acts. All proxies must be in writing, dated, signed by the member generating the proxy, and filed with the Secretary before the appointed time of any meeting to which it applies. A member may revoke a proxy at any time by delivering a written notice of revocation to the Association.

6.05. Conditional Proxy. The granting of a mortgage on a Unit by the Owner(s) thereof shall be construed as conferring upon the mortgagee a conditional proxy to cast

the vote or votes attributable to such Unit at any regular or special meeting of the Association. Any mortgagee electing to exercise such right and cast such vote or votes shall notify the Association in writing of the mortgagee's intent to exercise the conditional proxy rights granted to it herein. In the absence of such written notice, the Association shall be entitled to recognize the votes of the Unit Owner(s) attributable to the Unit; however, upon receipt by the Association of said written notice by the mortgagee, the Association shall thereafter recognize the mortgagee's right to cast the vote or votes attributable to that Unit until the mortgagee withdraws its intent to cast such votes, in writing, or until the mortgage is paid in full and satisfied of record, whichever first occurs.

6.06. Vote Required to Transact Business. When a quorum is present, the holders of a majority of the voting rights present, either in person or by proxy, shall have the authority to decide any question brought before the meeting, unless, however, the question is one on which, by express provisions of the Acts or the Condominium Documents, a different number or manner of voting is required, in which case the express provision shall govern and control the decision in question.

ARTICLE VII

BOARD OF DIRECTORS

7.01. Number. The affairs of the Association shall be managed by a Board of Directors consisting of not less than three (3) persons and not more than five (5) persons. Said minimum or maximum number may be changed by proper amendment hereof.

7.02. Qualification. Except for Directors appointed by the Developer, each

Director shall be a Unit Owner. If a Unit Owner is a corporation, partnership, or other entity, then an officer, partner, or employee of such Unit Owner may be a Director. If a Unit Owner is a trust, then the beneficiary of the trust may be a Director. If a Director ceases to meet such qualifications during the Director's term, the Director's place on the Board shall cease and be deemed vacant.

7.03. Appointment by Developer. The initial Board shall be appointed by the Developer, and said initial Directors do not have to be Unit Owners. Any successor Directors may be appointed and removed by the Developer at any time during the Developer's control of the Association; however, the Developer's said right to appoint and remove Directors shall be in accordance with the terms and provisions of the Declaration, these By-Laws, and the Acts.

7.04. Nomination for Election. Nominations for elections to the Board shall be made from the floor at the annual meeting of members or at any other meeting of members called for the purpose of electing Directors. Nominations shall also be made by a nominating committee appointed by the Board prior to the annual meeting of the members or prior to any other meeting of members called for the purpose of electing Directors.

7.05. Initial Election of Directors. Whenever the Unit Owners are entitled to elect one or more Directors, the Association, in accordance with the terms of the Act, shall call a meeting of the members to elect the Director(s). The Association shall give not less than ten (10) days nor more than fifty (50) days notice of the meeting to each member, and the meeting may be called and the notice may be given by any Unit Owner

if the Association fails to do so. The election shall be conducted in the manner specified and set forth in these By-Laws.

7.06. Election of Directors. Directors shall be elected at the annual meeting of members, and the election shall be by secret ballot unless dispensed with by unanimous consent. Each member shall be entitled to vote for each vacancy, and there shall be no cumulative voting. Those candidates receiving the greatest number of votes case either in person or by proxy shall be elected.

7.07. Term. Each Director elected by the members shall hold office until the next annual meeting of members unless the said Director resigns or is removed in any manner provided elsewhere herein, or until a successor Director is qualified and elected. Each Director appointed by the Developer shall hold office until such Director resigns, or is removed by the Developer, or the term of said Director expires as provided for herein.

7.08. Vacancies. Any vacancy of a Director elected by the members of the Association shall be filled by a majority vote of the remaining Directors, and said new Director shall serve and hold office for the unexpired term of the Director whose vacancy the said new Director is replacing. Any vacancy of a Director appointed by the Developer shall be filled by the Developer, except as otherwise provided for herein and in the Act and the Declaration.

7.09. Removal. Any Director may be removed for cause by the concurrence of two-thirds (2/3) of the votes of the members of the Association in accordance with the provisions of the Act, and the vacancy so created shall be filled by the members at the

same meeting.

7.10. Compensation. A Director shall not receive any compensation for any service the Director may render to the Association as a Director; provided, however, that any Director may be reimbursed for actual out-of-pocket expenses incurred in the performance of the Director's duties.

7.11. Developer Control. The Developer shall appoint the initial members of the Board and shall retain control of the initial Board and the Association until such time as the Developer is required to surrender such control in accordance with the terms and conditions of the Declaration.

ARTICLE VIII

MEETINGS OF DIRECTORS

8.01. Regular Meetings. Regular meetings of the Board shall be held at least quarterly at such date, place, and time as the Board shall designate. Notice of said regular meetings shall be given to each Director either personally, or by mail, telephone, or facsimile, and shall be sent not less than fourteen (14) days prior to the said regular meeting.

8.02. Special Meetings. Special meetings of the Directors may be called by the President at any time, and must be called by the President or Secretary upon the written request of a majority of the Directors. A notice of the meeting stating the date, place, time and purpose of the meeting shall be given to each Director either personally, or by mail, telephone, telegraph, or facsimile, not less than three (3) days prior to the said special meeting.

8.03. Open Meetings. All meetings of the Board shall be open to all members of the Association, and notice of such meetings shall be posted conspicuously on the Condominium property at least forty-eight (48) hours prior to the meeting, except in the event of an emergency.

8.04. Waiver of Notice. Any Director may waive notice of a regular or special meeting either before or after the meeting, or may consent to the holding of a meeting without further notice. Attendance by any Director at a meeting shall constitute waiver of notice of that meeting, except and unless the Director's attendance is necessary for the express purpose of objecting at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called.

8.05. Quorum. A quorum shall consist of the number of Directors entitled to cast a majority of the votes of the entire Board. Said quorum may transact any lawful business of the Association, and the acts of the said quorum shall constitute the acts of the Board. A Director may consent to the action at such meeting by signing and concurring in the minutes thereof, and such consent shall constitute the presence of such a Director at said meeting for the purpose of determining a quorum.

8.06. Action Without Meeting. Any action permitted or required to be taken at a meeting of the Directors may be taken without a meeting upon the written consent of the Directors. Said consent shall set forth the action so taken by the Board, and must be signed by all the Directors and filed with the minutes of the Board.

8.07. Presiding Officer. The President shall be the presiding officer of the Directors' meetings, and if the President is absent or otherwise unable to preside, the

Directors present at the meeting shall designate another Director to preside.

8.08. Minutes of Meetings. The minutes of all meetings of the Board shall be kept in a minute book available for inspection at any reasonable time by Directors, Unit Owners, or their authorized representatives.

8.09. Order of Business. The order of business to be conducted at any meeting of the Directors, as much as reasonably possible, shall be as follows, to-wit:

- (1) Call of Roll.
- (2) Proof of proper notice of meeting.
- (3) Reading and approval of the minutes.
- (4) Reports of Officers and Committees.
- (5) Election of Officers.
- (6) Old and unfinished business.
- (7) New and other business.
- (8) Adjournment.

ARTICLE IX

POWERS AND DUTIES OF THE DIRECTORS

9.01. Specific Powers. The Board shall have the power and authority to exercise all powers, duties, and authority vested in the Association by the Acts, the Declaration, and these By-Laws, except for such powers and duties expressly reserved therein to the members or the Developer. Such powers and duties of the Board shall include, but shall not be limited to, the following, to-wit:

- (1) To elect and remove officers of the Association in the manner set forth herein.
- (2) To administer the affairs of the Association and the Condominium property.
- (3) To maintain bank accounts on behalf of the Association and to require

designated specific signatories therefor.

- (4) To own, sell, lease, rent, mortgage, or otherwise deal with Units acquired by the Association.
- (5) To pay the cost of all taxes, municipal assessments, and utilities assessed against the Condominium which are not assessed and billed to the individual Unit Owners.
- (6) To borrow money on behalf of the Association when required in connection with the management, operation, care, upkeep, repair, improvement, and maintenance of the Common Elements and Limited Common Elements; however, before the Board can borrow any such funds, the Board must first obtain the consent of at least two-thirds (2/3) of the votes of the members at a meeting duly called and held for such purpose in accordance with the provisions set forth herein.
- (7) To estimate the amount of the annual budget and to make, assess, levy, enforce and collect assessments against Unit Owners to defray the costs, expenses, and losses of the Condominium, and to provide adequate remedies for an Owner's failure to pay such assessments.
- (8) To use the proceeds of assessments in the exercise of its powers and duties.
- (9) To manage, maintain, operate, repair, replace, and improve, the Condominium property, including the reasonable right of entry upon any unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to

- grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonable necessary or useful for the proper maintenance or operation of the project.
- (10) To purchase insurance for the protection of all portions of the Condominium property, the Association and its Officers and members, and the members of the Board.
 - (11) To reconstruct improvements after casualty and to further improve the Condominium property and all buildings and other improvements thereon.
 - (12) To make and amend reasonable rules and regulations, from time to time, regarding the use of the Units, the Condominium property, the Common Elements, Limited Common Elements, and the management and operation of the Association and the Condominium.
 - (13) To enforce by legal means the provisions of the Acts, the Declaration, the Articles of Incorporation, these By-Laws, and all rules and regulations of the Association regarding or otherwise related to the use of any portion of the Condominium property and the Units.
 - (14) To contract for the management of the Condominium property and to delegate to such managing agent all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board or the members of the Association.
 - (15) To contract for the separate management, operation and leasing of separate portions of the Common Elements and other parts of the Condominium

- property.
- (16) To retain attorneys, accountants, engineers, architects, and other professionals.
 - (17) To employ any personnel necessary to perform the lawful services required for proper operation of the Condominium and all of the Condominium property.
 - (18) To purchase a Unit for the purposes authorized herein and in the Declaration, except and subject to the limitations set forth in the Declaration and the Acts.
 - (19) To maintain a class action proceeding and to settle a cause of action on behalf of Owners regarding the Common Elements or Limited Common Elements, the roof and structural components of the Condominium or other building or improvement, the mechanical, electrical and plumbing elements serving an improvement or a building as distinguished from such elements serving only one Unit, and to bring an action and to settle the same on behalf of two or more of the Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements, Limited Common Elements, or more than one condominium Unit, all as the Board, in the Board's discretion, deems advisable and warranted under the circumstances.
 - (20) To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association responsible for the Association's

funds and personal property, and to procure Directors' and Officers' liability insurance, if the Board deems it advisable, and the premiums of such bonds and insurance shall be paid by the Association as common expenses.

9.02. Committees. The Board may, by resolution, appoint such committees as deemed necessary and appropriate to accomplish the Board's purpose, and such committees shall have all of the powers of the Board for the management of the affairs and business of the Association to the extent provided in the resolution designating such committee. All said committees shall keep regular minutes of its proceedings and shall report the same to the Board.

9.03. Managing Agent. The Board shall be authorized to employ the services of a manager or managing agent, and said managing agent may either be a Director, Officer, or employee of the Association, or an independent person or firm qualified to manage the Condominium property and affairs of the Condominium under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

ARTICLE X

OFFICERS

10.01. Election. The executive officers of the Association shall be elected annually by the Board, and shall be a President, a Vice-President, a Secretary, and a Treasurer. Any two or more offices may be held by the same person, except the President cannot also be the Secretary.

10.02. Term. Each Officer shall hold office for the term of one year or until a successor has been appointed or elected and qualified. Any Officer may serve succeeding terms.

10.03. Special Appointments. The Board may appoint such other Officers as the Board deems necessary. Each such appointed Officer shall hold office for such appointed period and shall have authority to perform any such duties as the Board may determine or require from time to time.

10.04. Resignation and Removal. Any Officer may be removed from office either with or without cause by the vote of a majority of the Directors present at any meeting. Any Officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

10.05. Vacancies. A vacancy in any office shall be filled by a majority vote of the Directors at any meeting. Such appointed newly appointed Officer shall fill such vacancy and hold such office for the duration of the unexpired term of the said vacancy.

10.06. Compensation. An Officer shall not receive any compensation for any service he may render to the Association as an Officer.

10.07. Reimbursement. Any Officer may be reimbursed for actual out-of-pocket expenses incurred in the performance of the Officer's duties and responsibilities.

10.08. Duties of the President. The President shall be a Director and is the Chief Executive Officer of the Association. The President shall have all of the powers and

duties that are usually vested in the office of the President of a condominium association, including but not limited to the following powers, to-wit:

- (1) To preside over all meetings of the members and of the Board.
- (2) To execute all deeds, contracts, and other instruments approved by the Board.
- (3) To call meetings of the Board from time to time as may be necessary in accordance with the rules and these By-Laws.
- (4) To have the general supervision, direction and control of the management and financial affairs of the Association.
- (5) To prepare, execute, certify and record amendments to the Declaration, together with the Secretary, on behalf of the Association.

10.09. Duties of the Vice-President. The Vice-President shall be a Director, and shall have all of the powers and duties that are usually vested in the office of Vice-President of a condominium association, including but not limited to the following powers, to-wit:

- (1) To perform the duties and exercise the powers of the President, in the absence or disability of the President.
- (2) To assist the President when necessary in the exercise and performance of the President's powers and duties.

10.10. Duties of the Secretary. The Secretary shall be a Director, and shall have all the powers and duties that are usually vested in the Secretary of a condominium association, including but not limited to the following powers, to-wit:

- (1) To keep a record of all meetings of the Board and of the members.
- (2) To keep the seal of the Association, and affix it on all papers requiring same.
- (3) To prepare and serve such notices of meetings to the Board and the members required either by law or by these By-Laws, the Declaration or other Condominium Documents.
- (4) To keep current records and a listing of all of the members of the Association together with the members' addresses.
- (5) To execute deeds, contracts, and other legal instruments which have been duly approved by the Board, if said instrument requires a second Association signature.
- (6) To prepare, execute, certify, and record amendments to the Declaration, together with the President, on behalf of the Association.

10.11. Duties of the Treasurer. The Treasurer shall be a Director, and shall be the financial officer of the Association. The Treasurer shall have all powers and duties that are usually vested the Treasurer of a condominium association, including but not limited to the following powers, to-wit:

- (1) To receive and deposit all of the funds of the Association in such bank or banks as the Board may from time to time direct.
- (2) To prepare a record of all receipts and expenditures and account for all funds and other assets of the Association.
- (3) To be responsible for and supervise the maintenance of all financial and

other records of the Association.

- (4) To deposit, disburse and withdraw Association funds as the Board may from time to time direct in accordance with proper procedures and the Condominium Documents.
- (5) To prepare and distribute the Association's financial statements.
- (6) To prepare a statement of account for each Unit setting forth any shares of Common Expenses, assessments, or other charges due, and any interest in any Common Surplus.

ARTICLE XI

FISCAL MANAGEMENT

11.01. Fiscal Year. The fiscal year of the Association shall be as established by the Board.

11.02. Annual Budget. The Board shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association in accordance with the Act. Said budget shall set forth each Unit Owner's proposed assessment for Common Expenses, and shall be detailed and classify and show all amounts budgeted by accounts and expense classifications. All expenses shall be estimated for each category and item of the Common Expenses. The budget shall also include and show reserve accounts for capital expenditures, deferred maintenance, reserves, and contingencies, and such amount reserved shall be computed by means of a formula based on the estimated life and cost of replacement of each reserve item. Copies of the annual budget and proposed assessments shall be furnished to each member in accordance with these By-Laws and the Act.

11.03. Adoption of the Annual Budget. The Board shall, within thirty (30) days after the approval of any proposed budget for the condominium, provide a copy of the proposed budget to all Unit Owners. The Board shall then set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) days or more than thirty (30) days after delivery or mailing of the proposed budget to the Unit Owners. The said proposed budget shall be ratified at said meeting unless a majority of all the Unit Owners present in person or by proxy reject the budget and whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall govern until such time as the Unit Owners ratify a new budget proposed by the Board. The Board shall furnish copies of the final adopted annual budget to each Unit Owner within thirty (30) days after the adoption.

11.04. Assessment. Assessments for Common Expenses shall be made in accordance with the Declaration, the Act and these By-Laws, and each Unit Owner shall pay one-twelfth (1/12) of such Owner's share of the Common Expenses for such year as shown by the annual budget. Assessments shall be collected by the Association on a monthly basis on or before the first day of each month of the fiscal year for which the Assessments are made. All assessments for the Common Expenses shall be in accordance with the provisions set forth in the Declaration, and shall be in proportion to the Unit Owner's respective ownership interests in the Common Elements. The Board shall send to each Unit Owner, on or before the first day of each month, a statement of the monthly assessment; however, the failure to send or receive such monthly statement shall not relieve the Unit Owner of such Owner's obligation to remit timely payment of the said

monthly assessment. If the Board fails to approve an annual budget or otherwise fails to determine new monthly assessments for any year, each Unit Owner shall continue to pay the amount of such monthly Assessment as last determined until a new amount has been approved. No Unit Owner shall be relieved of the obligation to pay any assessment by abandonment of the Owner's Unit or lack of use of the Unit or the Common or Limited Common Elements. The collection of assessments shall begin when the first Unit is conveyed by the Developer.

11.05. Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements of the Common Elements and those Limited Common Elements which the Association may be obliged to maintain. Said reserve fund shall be maintained out of regular assessments.

11.06. Depository. Monies of the Association shall be deposited in such bank or other insured financial institution(s) designated from time to time by the Board. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Board.

11.07. Lien for Expenses. If any Unit Owner refuses or otherwise fails to make any payment for any assessment for the Common Expenses or fine or other charge when due, such amount due shall constitute a lien on such Unit Owner's Unit and the Owner's interest therein. Said lien shall also include all costs, reasonably attorney's fees, and interest thereon at the maximum percentage rate as may then be permitted under the laws of the State of Alabama from and after the date said Common Expenses or other

brokerage fees, abstract or title insurance costs associated with the sale of the Unit, and any expenses for the repair and refurbishing of the Unit in question. Any monies remaining thereafter shall be returned to the former Owner of the Unit in question.

11.11. Supplemental Assessments. If during the course of any fiscal year, the Board determines the monthly Assessments, as determined in the annual budget, are not sufficient or adequate to cover the estimated Common Expenses for the remainder of such year, the Board shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall be delivered to each Unit Owner, and thereupon a supplemental assessment shall be made and assessed to each Unit Owner for such Owner's proportionate share of the said supplemental budget.

11.12. Annual Statement. Within sixty (60) days after the end of each fiscal year, the Board shall furnish to each Unit Owner a statement for the year so ended showing all receipts and expenditures of the Association and any other information as the Board may deem desirable. If the Condominium consists of fifty (50) or more Units, the Association shall make an audited statement, and the holder, insurer, or guarantor of a first mortgage or lien secured by a Unit in the Condominium shall be entitled to a copy of said statement upon written request. If the Condominium consists of less than fifty (50) units and no audited statement is available, any mortgage or other lien holder shall be entitled to obtain an audited statement prepared at its own expense.

11.13. Accounting Records. The Association shall keep detailed financial records regarding the expenses of the management and operation of the Condominium and the Association. Said records shall be sufficient to comply with the requirements of the Act,

assessments or fines become due and payable in accordance with applicable law.

11.08. Priority of Lien. Any lien of the Association shall be subject to the rules of priority as stated in the Declaration, the Acts, and other applicable state laws.

11.09. Acceleration of Assessment Installments. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

11.10. Default. In the event a Unit Owner fails to pay any assessment, charge, or other sum required to be paid to the Association within thirty (30) days from the due date, the Association may foreclose the lien encumbering the Unit in the same manner as a past due mortgage lien on real estate is foreclosed. The Association shall send prior notice of the Association's intent to foreclose within thirty (30) days by mail, postage prepaid, to the Unit Owner and to all persons or entities holding a mortgage or other lien or any other interest of record. The Association shall be entitled to the appointment of a receiver, if the Association so requests. The Association shall have the right to bid on the Unit at the foreclosure sale, and to purchase, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment, brought by or on behalf of the Association against a Unit Owner, and the losing defendant shall pay the costs thereof, including a reasonable attorney's fee. If the Association becomes the Owner of a Unit by reason of foreclosure, the Association shall offer said Unit for sale, and when such sale is consummated, the Association shall deduct from such sale proceeds all sums of money due the Association, including all costs incurred in the bringing of the foreclosure action, reasonable attorney's fees, all expenses, real estate

and said records shall be kept in accordance with generally accepted accounting principles. The Association shall keep a record of all receipts and expenditures and a separate account for each Unit showing all assessments and other charges due applicable to the Unit and the due dates thereof, the present balance due, and any interest in Common Surplus. Such records shall be open to inspection by Unit Owners and their authorized agents at reasonable times.

11.14. Information. The Association shall be required to make available to Unit Owners, lenders, and holders, insurers or guarantors of any first mortgage or vendor's liens, current copies of the Declaration, By-Laws, and any rules and regulations regarding the Condominium, and the books, financial statements and other records of the Association. Available as used herein shall mean available for inspection, upon written request, during normal business hours or under other reasonable circumstances. In addition, the holder of a first mortgage or vendor's lien shall be entitled, upon written request, to a financial statement for the immediate preceding fiscal year.

11.15. Fidelity Bonds. Fidelity Bonds shall be required by the Board from all officers and employees of the Association and from any manager handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall not be less than the amount of one hundred fifty percent (150%) of the total annual assessments against members for recurring expenses. The premiums on such bonds shall be paid by the Association.

11.16. Lender's Notices. Upon written request to the Association, any mortgagee, vendor's lien holder, insurer, or guarantor shall be entitled to timely written notice of (i)

any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its mortgage; and (ii) any 60-day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds a valid mortgage; and (iii) a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and (iv) any proposed action which requires the consent of a specified percentage of mortgage holders. Such written request shall identify the Unit number and the name and address of the mortgage or vendor's lien holder, insurer or guarantor.

ARTICLE XII

OWNER OBLIGATIONS AND COVENANTS

12.01. Assessment. Every Unit Owner in the Condominium shall contribute such Owner's pro rata share of the expenses of the administration, management, operation, maintenance, alteration, repair and improvement of the Condominium and the Condominium property, as provided in the Articles, the Declaration, and these By-Laws. Each such assessment shall be a lien against the Unit and the personal obligation of the Owner of such Unit at the time the assessment fell due. Such personal obligation shall not pass to such Owner's successor in title unless assumed by such successor or required by applicable law; however, such assessment shall remain a lien against the Unit.

12.02. Maintenance and Repair. Every Owner of any Unit in the Condominium shall promptly perform all maintenance and repair work, as provided in the Articles, the Declaration and these By-Laws. An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Elements, areas or facilities

damaged through the fault of the Owner.

12.03. Use. The Condominium property shall be utilized in accordance with the provisions of the Declaration, these By-Laws, and the rules and regulations of the Association.

ARTICLE XIII

RULES AND REGULATIONS

13.01. Rules and Regulations. The Board shall may from time to time adopt, modify, amend, or add to rules and regulations concerning the use of the Condominium Property; provided, however, that a majority of the Members may overrule the Board with respect to any such rules and regulations or modifications thereof or any amendments or additions thereof. Copies of such rules and regulations, or any amendments, additions, or modifications, shall be delivered to each Unit Owner not less than fourteen (14) days prior to the effective date thereof. No rule or regulation that is in conflict with the Condominium Documents shall be adopted.

ARTICLE XIV

AMENDMENT

14.01. Notice. Notice of any amendment and the subject matter thereof shall be included in the notice of any meeting at which a proposed amendment is to be considered.

14.02. Adoption. Except in the cases where these By-Laws may be amended by the Developer/Declarant under the terms hereof or the Declaration, or the Act, these By-Laws may be altered, amended or new By-Laws adopted by the affirmative vote of Unit

Owners of Units to which at least two-thirds (2/3) of the votes in the Association are allocated.

14.03. Amendments of Material Nature. Any amendment of a material nature must be agreed to by eligible mortgage and vendor's lien holders who represent at least fifty-one percent (51%) of the votes of the Units subject to mortgages or vendor's liens held by eligible holders thereof.

14.04. Eligible Mortgage Holders. Eligible mortgage holders as used and defined herein are those holders of a first mortgage or vendor's lien on a Unit estate who have submitted a written request to the Association to notify such mortgage or vendor's lien holder of any proposed action requiring the consent of a specific percentage of such eligible holders.

14.05. Material Nature Defined. Amendments of a material nature include a change to any of the provisions governing the following, to-wit:

- (1) Voting rights.
- (2) Any increase in assessments which raises the previously assessed amount by more than twenty-five percent (25%).
- (3) Assessment liens or the priority of assessment liens.
- (4) Reductions in reserves for maintenance, operation, repair, and replacement of Common Elements and Limited Common Elements.
- (5) Responsibility for maintenance and repairs.
- (6) Reallocation of interests in the general Common Elements or Limited Common Elements, or any rights regarding the use of the

same.

- (7) Redefinition of any Unit boundaries.
- (8) Conversion of Units to Common Elements or Common Elements to Units.
- (9) Reduction, annexation, or other withdrawal of property from the Common Elements or other Condominium property.
- (10) Hazard, flood, or fidelity insurance requirements.
- (11) Imposition of any restriction on the leasing of a Unit.
- (12) Imposition of any restrictions on a Unit Owner's right to sell, mortgage, convey, or otherwise transfer such Owner's Unit.
- (13) A decision by the Association of a Condominium which consists of fifty (50) or more Units to change to self-management if the Condominium Documents had previously required professional management.
- (14) Restoration or repair of the Condominium property after damage or partial condemnation in a manner other than as specified and set forth in the Condominium Documents.
- (15) Any provision which directly affects an eligible mortgage or vendor's lien holder, insurer, or guarantor.

14.06. Implied Consent. Implied consent and approval may be assumed when an eligible mortgage holder fails to respond to any written notice of a proposed amendment within thirty (30) days after receipt of proper notice of the proposal, provided, however,

the notice was delivered by certified or registered mail, return receipt requested.

14.07. Prohibited Amendments. No amendment to these By-Laws may be adopted which would eliminate, modify, prejudice, abridge, or otherwise adversely affect any right, benefit, privilege, or priority granted to the Developer without the consent of the Developer, and no amendment may be adopted which conflicts with the Articles, the Declaration, or the Acts.

14.08. Recording. No amendment hereof shall become effective until properly recorded in the Office of the Judge of Probate of Baldwin County, Alabama, in accordance with the Act.

ARTICLE XV

MISCELLANEOUS

15.01. Construction. Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of gender shall be deemed to include all genders.

15.02. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision hereof.

15.03. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of all meetings of the Board and the Association when not in conflict with the Act, the Declaration, or these By-Laws.

15.04. Conflicts. In the event of any conflict between these By-Laws and the Declaration, the Declaration shall govern, except to the extent the Declaration is

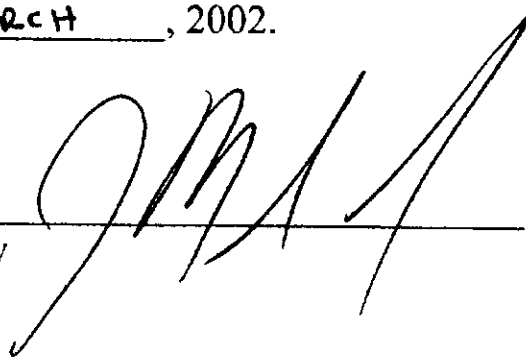
inconsistent with the Act.

15.05. Compliance. These By-Laws are intended and set forth to comply with the requirements of the Alabama Nonprofit Corporation Act and the Alabama Uniform Condominium Act of 1991, and shall be considered in pari materia and as an appendix to the Declaration. In the event any of these By-Laws conflict with the provisions of said statutes, the Acts shall apply.

SECRETARY'S CERTIFICATION

I, the undersigned Secretary, hereby certify that the above initial By-Laws of the Ridge Condominium Owners' Association, Inc., were properly adopted by the Board of Directors in accordance with the provisions hereof and the Condominium Documents applicable law on this the 13 day of MARCH, 2002.

Secretary

A handwritten signature in black ink, appearing to be 'JMA', is written over a horizontal line that serves as the signature line for the Secretary.

This Instrument Prepared By:
Mark D. Ryan, Esquire
Post Office Box 1000
Bay Minette, Alabama 36507
(334) 580-0500

**RULES AND REGULATIONS
CONCERNING USE OF
THE RIDGE CONDOMINIUM**

THE RIDGE CONDOMINIUM OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association," acting through its Board of Directors, hereinafter referred to as the "Board," has adopted the following Rules and Regulations, hereinafter referred to as "Regulations," and these Regulations may be amended from time to time by resolution of the Board.

The term "Unit Owners" as used herein shall be defined as the Owner of any Unit and to such Owner's family, tenants whether or not in residence, servants, employees, agents, guests, invitees, licensees, and other occupant. The term "Association" as used herein shall be defined as and include the Association and any Managing Agent acting on behalf of the Association.

WHEREFORE, the Board hereby makes, establishes, and implements the following initial Regulations for the use of the Condominium, to-wit:

1. The Board shall have the authority to make, establish and implement such Regulations deemed necessary; however, the Association shall have the right to alter, amend, modify, add to, or repeal any or all of such Regulations upon the majority consent or approval of the members.

2. All Unit Owners are to inform any non-owner using or otherwise upon the

Condominium property of these Regulations.

3. Management, operation, maintenance, and repair of the Common Elements and all parts of the Condominium property shall be the responsibility of the Association, except for those matters which are stated in the Declaration to be the responsibility of a Unit Owner.

4. No Owner may install any plumbing, wiring or air conditioning equipment without the prior written approval of the Board, and no work of any kind or nature shall be done upon or affecting any portion of exterior building walls or interior boundary walls which are the responsibility of the Association without first obtaining the approval of the Board as required by the Declaration.

5. The sidewalks, entrances, passages, public halls, elevators, corridors and stairways of or appurtenant to the Condominium building shall not be obstructed or used for any other purpose than ingress and egress from the Condominium building.

6. No article shall be placed in any portion of the Common Elements or other areas, including, but not limited to, garbage cans, bottles or mats, except those areas specifically designated by the Association or otherwise approved by the Board.

7. Nothing shall be hung or shaken from any door, window, roof, balcony, terrace, or patio or placed upon the window sills of any portion of the Condominium building.

8. No Owner, guest, occupant or other person shall play or lounge in any entrance, passage-way, hall, elevator, corridor, stairway, or any other public area of the Condominium building.

9. No Common Element or other public area of the Condominium building shall be decorated or furnished by any Unit Owner or other person in any manner without the approval of the Board.

10. Each Unit Owner shall keep such Owner's Unit in a good state of cleanliness, and shall not sweep, throw or permit to be swept or thrown from said Unit, or from any door or window thereof, any dust, dirt, trash or other substance.

11. No window guards or other window decorations of any kind or nature shall be used or placed in or about any Unit without the written approval of the Board.

12. Nothing shall be done in or to any Unit or on the Common Elements or any portion of the Condominium property which could impair or damage in any way the structural integrity of the Condominium building or any appurtenance thereof or other portion thereof.

13. No Common Element or other common area of the Condominium shall be altered, modified, or otherwise changed in any way without the prior written consent of the Board.

14. No radio, television, or satellite antenna or other aerial of any kind shall be attached to or hung from the exterior of the Condominium building without the written approval of the Board.

15. No sign, notice, advertisement, or illumination shall be inscribed, projected or otherwise exposed from or on any window, wall, or any other part of the Condominium building, except as permitted by the Declaration of the By-Laws, without the prior approval of the Board.

16. No ventilator, heater, air conditioning, or other similar device shall be installed in any Unit without the prior written approval of the Board.

17. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements, and recommendations of the Board and local fire department and other public authorities having jurisdiction thereof, and the Unit Owner shall be solely responsible and liable for any damage or injury caused by same.

18. No bicycles, motorcycles, scooters or other similar vehicles shall be taken into or from the Condominium building through the main entrance or be allowed in any of the elevators other than the elevator designated by the Board for that purpose.

19. No motorcycle, bicycle, baby stroller or other vehicle or item, shall be allowed to stand or remain in any common hall, passageway, or other area of the Condominium building.

20. No name plate or other similar identification of any type or size shall be attached or affixed to the door or any other exterior portion of a Unit without the approval of the Board.

21. No Unit Owner shall make or permit disturbing noises or activity in such Owner's Unit or any other portion of the Condominium building which will interfere with any right, comfort, or convenience of other Unit Owners or tenants.

22. No Unit Owner shall play upon or cause to be played upon any musical instrument, or operate or permit to be operated any radio, phonographs, television, loud speaker, or any other sound amplification device, or practice or permit to be practiced any

vocal or instrumental music, in such Owner's Unit or in, on or upon any portion of the Condominium property between the hours of 10:00 p.m. and 9:00 a.m., if the same disturbs or otherwise annoys another Unit Owner or occupant of the Condominium building.

23. No construction, installation, or repair work of any kind which causes or creates noise shall be conducted in any Unit or in or upon the Condominium property except on weekdays and not including legal holidays, except only between the hours of 8:00 a.m. and 5:00 p.m., unless such work is necessitated by an emergency or has been otherwise approved by the Board.

24. Unit Owners shall not cause or permit any unusual or objectionable noises or odors to be produced upon or to emanate from their Units or any terrace or deck appurtenant thereto.

25. All contractors, service, and delivery persons shall be required to use the entrance, elevator, and stairway designated by the Board.

26. The swimming pool, bathrooms, showers, sauna, and all other areas of the Units and the Condominium building and property shall not be used for any purpose other than those for which they are designed.

27. Any damage to any Common Element, Limited Common Element, or another Unit resulting from the misuse of any area or fixture in a Unit or in or on any portion of the Condominium building shall be repaired and paid for by the person causing such damage or the Owner of such Unit.

28. The Board shall have the absolute right of entry into any Unit in the

Condominium for the purpose of inspection, repair or to remedy an emergency or otherwise prevent damage to a Unit or any portion of the Condominium building or property.

29. A contractor, workman, or other agent authorized by the Board may enter any Unit or area in the Condominium building to inspect or repair same or as may be necessary to control or exterminate pests, at any reasonable hour and in any reasonable manner provided such entry does not reasonably interfere with the use of such Unit for its permitted purposes, except in an emergency.

30. The Board shall retain a pass-key to each Unit and all other areas of the Condominium property, and if any lock is altered or a new lock is installed, the Board shall be provided with a key thereto immediately upon such alteration or installation.

31. In the event the Board or its authorized agent requires entry into a Unit and the Board has not been furnished a key to the Unit or the Unit Owner is not personally present to open and permit such entry to the Unit at any time when an entry therein is necessary, required, or permissible under these Regulations or the Declaration or the By-Laws, the Board or its authorized agent may forcibly enter such Unit without liability for damages or trespass by reason thereof if reasonable care is given to such Unit Owner's property during such entry.

32. In the event of any emergency which could create or cause damage to any Unit or any portion of the Condominium building or property, the Board and its authorized agent shall have the authority to gain entry to any Unit or other area by whatever means necessary to gain such entry and remedy the emergency.

33. No vehicle shall be parked in any manner which will impede or prevent ingress, egress or ready access to any entrance to or exit from the Condominium property by another vehicle, notwithstanding whether said vehicle is owned by or otherwise belongs to a Unit Owner or any family member, guest, tenant, agent or employee of such Unit Owner.

34. Unless otherwise authorized by the Association, the parking areas may not be used for any purpose other than parking automobiles, and all buses, trucks, campers, boats, jet skis, trailers, and other recreational and commercial vehicles shall be parked only in the areas designated specifically for such parking by the Board, if any.

35. All vehicles of every kind, character, and nature parked or otherwise situated on the Condominium property must have current license plates and be in good operating condition.

36. No vehicle of any kind, character or nature shall be parked on any portion of the Condominium with conspicuous "For Sale" signs attached, without approval of the Board.

37. All Unit Owners shall observe and abide by all parking and traffic regulations as posted by the Association or by municipal authorities, and any vehicle parked in violation of any such regulations may be towed away at the Unit Owner's sole risk and expense.

38. The Board may relocate or restrict the use of any portion of the Common Elements devoted to storage, recreation or service purposes, except those retained by the Developer.

39. Any complaints regarding the operation, management or service of the Condominium or the Condominium property shall be submitted in writing to the Board.

40. Any Board approval given under these Regulations may be added to, changed, amended or repealed at any time by resolution of the Board, except as provided in the By-Laws.

41. No Unit Owner, or any family member, guest, servant, employee, agent, licensee, or other visitor shall enter upon the roof the Condominium building at any time or for any reason, except as permitted by the Board or otherwise authorized herein or the Declaration or the By-Laws.

42. No Unit Owner shall keep or bring or permit to be kept or brought at any time in such Owner's Unit any flammable, combustible or other explosive fluid, material, chemical or substance, except as shall be necessary and appropriate for the permitted uses of such Unit.

43. Employees and agents of the Association are not authorized to accept any package, keys, money, except for assessments, or other article of any description for the benefit of a Unit Owner, and if any such item is left with an employee or agent of the Association, the Unit Owner assumes the sole risk therefor, and the Unit Owner, not the Association, shall be liable for and does not assume any responsibility or liability for any injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith.

44. Any delivery requiring entrance to a Unit Owner's Unit will not be accepted without the prior written permission of the Unit Owner accompanied by a written waiver

of all liability in connection with such delivery, and if any key or other item is given to an employee or agent of the Association by a Unit Owner or any person using or occupying such Owner's Unit, whether for such Unit Owner's Unit or an automobile, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and the Association shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith.

45. Nothing shall be done or kept in any Unit or in or upon any portion of the Condominium building or other portion of the Condominium property which could cause an increase in the rate of insurance of the Condominium building or any portion of the Condominium property or any contents thereof without the prior written consent of the Board.

46. No Unit Owner or occupant shall do or keep or permit anything to be done or kept in any Unit or the Condominium property which is a violation of the law or could cause the cancellation of insurance of the Condominium building or other portion of the Condominium property.

47. No waste shall be committed of the Common Elements in any manner.

48. No group tour or exhibition of any Unit or its contents shall be conducted, and no auction or other similar sale be held or conducted in any Unit without the consent of the Board.

49. All Unit Owners and occupants of Units must comply with the requirements of the Alabama Uniform Condominium Act of 1991, Articles of Incorporation and By-Laws of the Association, the Declaration, and these Regulations.

50. No pets shall be kept or brought on the Condominium property, except those of Unit Owners under the terms, conditions, and restrictions as set forth in the Declaration and as the Board shall impose or regulate from time to time, and any animal or pet which causes or creates any nuisance or unreasonable disturbance, regardless if whether owned by a Unit Owner, may be immediately and permanently removed from the Condominium property by the Board if, after warning, the animal or pet continues to cause or create a nuisance or disturbance.

51. The owner of any pet or animal, whether or not such owner is a Unit Owner, shall be liable for any damage caused by such animal or pet to any part of the Condominium property or any other property operated by the Association or to any other Unit Owner or guest in the Condominium.

52. All persons shall be properly attired when appearing in any public portion of the Condominium building or property or any other public spaces of the Condominium.

53. No running, diving, or other dangerous activity shall be permitted in or around the swimming pool and other recreational of the Condominium, and all rules and regulations regarding the swimming pool and other recreational and storage areas of the Condominium shall be promulgated by the Board and all Unit Owners shall comply with same.

54. All Unit Owners by acceptance of their deed, agree to be bound by and comply with these Regulations and any amendments thereto as the Board may make from

time to time.

SECRETARY'S CERTIFICATION

I, the undersigned Secretary, hereby certify that the Rules and Regulations set out above were duly adopted by **THE RIDGE CONDOMINIUM OWNERS ASSOCIATION, INC.**, acting through its Board of Directors, at its first regular meeting held on the 13 day of MARCH, 2002.

J. Myles Reed

Secretary

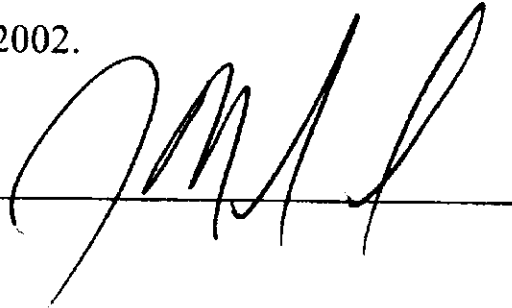
A handwritten signature in black ink, appearing to read 'J. Myles Reed', is written over a horizontal line.

EXHIBIT F

OWNERSHIP OF COMMON ELEMENTS

<u>Condominium Unit Number</u>	<u>Unit Square Footage</u>	<u>Ownership Factor For Each Unit</u>
1101	1160	0.1988685
1102	1711	0.293331
1103	1573	0.2696725
1104	1389	0.2381278
RESIDENTIAL TOTAL:	5833	1.0000000

EXHIBIT G THE RIDGE
CONDO OWNER'S ASSOCIATION
CURRENT PROJECTED OPERATING BUDGET FOR 2002-2003

ASSUMES 4 COMPLETED UNITS & PHASE I INFRASTRUTURE ONLY
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INCOME:

Assessments	\$ 27,743
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OPERATING EXPENSES:

Accounting	2,400
Cable television	1,536
Electricity	1,000
Insurance	4,935
Landscape - maintenance	5,775
Landscape - repairs	250
Landscape - water	1,796
Pool maintenance	2,500
Street lights	396
Telephone - pool	480
Miscellaneous & contingency	2,500
Total Operating Expenses	23,568

Reserve & replacement	4,175
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NET	\$ -
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THE CURRENT MONTHLY PER UNIT FEE IS:	# 1101	\$ 176
	# 1102	\$ 255
	# 1103	\$ 238
	# 1104	\$ 211

PROJECTED BUDGET USING ESTIMATED AMOUNTS ONLY. ESTIMATES ARE BASED ON COMPLETION OF BUILDING 1100 ONLY. ESTIMATES MAY VARY DEPENDING ON FUTURE DEVELOPMENT OF INFRASTRUCTURE , BUILDINGS, COMMON AREAS AND AMENITIES.

Instrument 648311 ge124-5121

THE RIDGE
CONDO OWNER'S ASSOCIATION
ESTIMATED FUTURE OPERATING BUDGET PHASE I

ASSUMES A COMPLETED 26 UNIT DEVELOPMENT & PHASE I INFRASTRUTURE ONLY

<u>INCOME:</u>	
Assessments	<u>\$ 73,989</u>
<u>OPERATING EXPENSES:</u>	
Accounting	2,400
Cable television	9,984
Electricity	1,000
Insurance	27,377
Landscape - maintenance	12,899
Landscape - repairs	250
Landscape - water	3,907
Pool maintenance	2,500
Street lights	396
Telephone - pool	480
Miscellaneous & contingency	2,500
Total Operating Expenses	<u>63,693</u>
<u>Reserve & replacement</u>	<u>10,296</u>
NET	<u><u>\$ -</u></u>

THE ESTIMATED FUTURE PER UNIT	
MONTHLY FEE WOULD BE:	
# 1101	<u>\$ 189</u>
# 1102	<u>\$ 275</u>
# 1103	<u>\$ 256</u>
# 1104	<u>\$ 228</u>

PROJECTED BUDGET USING ESTIMATED AMOUNTS ONLY. ESTIMATES ARE BASED ON
TWENTY SIX UNIT DEVELOPMENT. ESTIMATES MAY VARY DEPENDING ON FUTURE
DEVELOPMENT OF INFRASTRUCTURE , BUILDINGS, COMMON AREAS AND AMENITIES.

THE RIDGE
CONDO OWNER'S ASSOCIATION
ESTIMATED FUTURE OPERATING BUDGET PHASE I AND II

ASSUMES A COMPLETED 48 UNIT DEVELOPMENT & PHASE I and II INFRASTRUTURE

INCOME:

Assessments	<u>\$ 123,948</u>
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OPERATING EXPENSES:

Accounting	2,400
Cable television	18,432
Electricity	1,000
Insurance	49,817
Landscape - maintenance	22,160
Landscape - repairs	250
Landscape - water	6,733
Pool maintenance	2,500
Street lights	396
Telephone - pool	480
Miscellaneous & contingency	2,500
Total Operating Expenses	<u>106,668</u>

<u>Reserve & replacement</u>	<u>17,280</u>
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NET	<u><u>\$ -</u></u>
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THE ESTIMATED FUTURE PER UNIT
MONTHLY FEE WOULD BE:

# 1101	<u>\$ 172</u>
# 1102	<u>\$ 250</u>
# 1103	<u>\$ 232</u>
# 1104	<u>\$ 206</u>

PROJECTED BUDGET USING ESTIMATED AMOUNTS ONLY. ESTIMATES ARE BASED ON FORTY EIGHT UNIT DEVELOPMENT. ESTIMATES MAY VARY DEPENDING ON FUTURE DEVELOPMENT OF INFRASTRUCTURE , BUILDINGS, COMMON AREAS AND AMENITIES.

Instrument 101-111-111-111-111

L2140271805 163849 jwamajsu1

EXHIBIT

H

CERTIFICATE OF OCCUPANCY

Department of Building Inspections City of Gulf Shores, AL

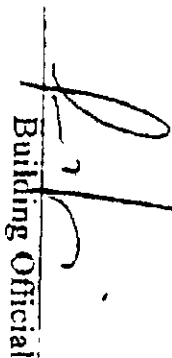
This Certificate issued pursuant to the requirements of the Standard Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances of the Jurisdiction regulating building construction or use. For the following:

Use Classification MULTI-FAMILY Group R2 Building Permit No. 8785

Type Construction VI Fire District N/A Legal Desc./Parcel No. BUILDING "K"

Owner of Building THE RIDGE, LLC Building Location 430 WEST FT. MORGAN RD.

Owner Address P.O. BOX 1318 GULF SHORES, ALABAMA 36547


Building Official

Date: FEBRUARY 20, 2002
POST IN A CONSPICUOUS PLACE