

STATE OF ALABAMA
BALDWIN COUNTY

STATE OF ALABAMA,
BALDWIN COUNTY

I certify that this instrument was filed on

DECLARATION OF CONDOMINIUM
OF
SUMMER HOUSE CONDOMINIUM
Gulf Shores, Alabama

JUL 28 1983

and that no tax was collected. Recorded in
Book 45
Page 1716
1753 Index \$ _____ By CL

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Harry D'Silva
Judge of Probate

THIS IS A DECLARATION OF CONDOMINIUM made _____
July 21, 1983, by CHAPMAN BUILDING COMPANY,
INC., a corporation organized and existing under the laws of the State
of Alabama, for itself, its successors, grantees and assigns.

ARTICLE ONE

SUBMISSION TO CONDOMINIUM OWNERSHIP - The purpose of this
declaration is to submit the lands herein described and the
improvements heretofore and hereafter constructed thereon to the
condominium form of ownership and use in the manner provided by
Sections 35-8-1 to 35-8-22 CODE OF ALABAMA 1975, hereinafter referred
to as the Alabama Condominium Ownership Act.

ARTICLE TWO

NAME AND ADDRESS OF CONDOMINIUM - The name by which the
condominium shall be known is Summer House Condominium. Its address is
West Beach Boulevard (West of the Lagoon Pass Bridge) Gulf Shores,
Alabama.

ARTICLE THREE

THE LANDS - The lands owned by the Developer which are hereby
submitted to the condominium form of ownership are located in the Town
of Gulf Shores, Baldwin County, Alabama, and are particularly described

as follows:

Lot Number Twenty-Seven (27), of Block 1, of LAGOON ESTATES NO. 2, as shown on Map recorded in Map Book 4, Page 149 of the records in the Office of the Judge of Probate of Baldwin County, Alabama, LESS AND EXCEPT all oil, gas and other minerals on, in and under said property, and all rights in connection therewith.

ARTICLE FOUR

(A) BUILDINGS AND GROUNDS - Summer House Condominium is being developed according to plans and specifications on file in the Developer's office. When completed, the engineering certification drawings required by law will be filed in the Probate Office of Baldwin County Alabama. Summer House Condominium consists of thirty two private condominium units housed in three three story frame buildings, on pilings. Two of the three buildings contain eight private individual condominium units, each. The third building contains sixteen private individual condominium units. The three buildings are designated as Building A (the Southern Building),; Building B (the Center Building) and Building C (the Northern Building).

(1) ONE BEDROOM UNITS - There are sixteen one level, one bedroom, private individual condominium units, four located in the Southern Building (Building A), eight located in the center building (Building B), and four located in the Northern Building (Building C) All one bedroom units are more or less identical in size and layout, except for minor variations in dimensions as (will be) shown on the engineer's certification drawings, and except for the fact that the odd numbered units are reverse or mirror images of the even numbered units. Each one bedroom unit contains one bedroom, one and one half

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baths, balcony, living and dining area, smoke detector, kitchen with built in range with hood, refrigerator, dishwasher, garbage disposal, and separate laundry closet for stacked washer and dryer.

(2) TWO BEDROOM UNITS - There are sixteen two level, two bedroom, private individual condominium units, four located in the Southern Building (Building A), eight located in the center building (Building B), and four located in the Northern Building (Building C). All two bedroom units are more or less identical in size and layout, except for minor variations in dimensions as (will be) shown on the engineer's certification drawings, and except for the fact that the odd numbered units are reverse or mirror images of the even numbered units. Each two bedroom unit contains two bedrooms, two and one half baths, two balconies, storage room, living and dining area, smoke detector, kitchen with built in range with hood, refrigerator, dishwasher, garbage disposal, and separate laundry closet for stacked washer and dryer.

(3) In addition to the thirty two private individual condominium units, Summer House Condominium consists of stairways and corridors, planted areas and landscaping, driveways, swimming pool, storage and maintenance area and offstreet automobile parking spaces and areas, all located substantially as (will be) shown on the engineer's certification drawings.

(B) THE PRIVATE UNIT BOUNDARIES - Each private individual condominium unit (element) includes that part of the building in which the unit is located as shown on the engineer's certification drawings. Each private unit proper is bounded or delimited as follows:

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1. The upper boundary shall be the plane of the lower surfaces of the ceilings.

2. The lower boundary shall be the plane of the upper surfaces of the floor, exclusive of carpet, tile or other floor covering.

3. The vertical boundaries shall be the interior planes of the interior walls bounding the unit, the outer planes of unit access doors, the outer planes of unit windows, and the interior planes of the exterior walls bounding the unit, except where broken as indicated above by windows or doors. Where there is a balcony attached to the building serving only a single unit, that unit's boundaries shall extend to include all of such balcony and all structures and fixtures thereon.

4. Where fixtures serving only one individual unit are installed partially within and partially without the planar boundaries of the unit as defined above, the entire fixture shall be deemed to be fully within the unit it serves and wholly subject to the control of the owner of the unit so served.

5. Each private individual condominium unit includes its own air conditioning and heating and water heating apparatus, but does not include the wires or pipes connected thereto, whether or not within the unit boundaries as described immediately above.

(C) THE COMMON ELEMENTS - The common elements of Summer House Condominium consist of the entire condominium property, including all parts of the buildings other than the private condominium units and include, by way of example but not by way of limitation, the

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following, subject to the conditions noted in 8, below:

1. The land on which the buildings and the other improvements are located.

2. All foundations, pilings, slabs, columns, girders, beams and supports.

3. All buildings and structures not containing private individual condominium units and, with respect to buildings containing private individual condominium units, the following: All exterior walls of such buildings extending, in the case of exterior walls bounding private individual condominium units, from the outermost plane of the wall inward to the wall's interior plane; all walls and partitions separating private individual condominium units from walkways, entranceways, corridors, stairways, service areas, and other units; and all floors and ceilings outward of the planes of their respective interior surfaces.

4. Roofs, walkways, entranceways, stairs, and stairways.

5. Grounds, yards, gardens, recreation and community facilities, swimming pool, pier, service areas, service facilities, parking spaces and areas, and driveways and driveway areas.

6. All facilities for services and utilities, including all pipes, conduits, ducts, wires, the plumbing network, the wiring network and the sewer network, whether located within common areas, within units or partially within each.

7. All other parts of the condominium property and all apparatus, facilities and installations for common use or necessary or convenient to the existence or safety of the condominium.

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8. The management of Summer House Condominium Owners' Association, Inc., shall have a right of access, during reasonable business hours and upon reasonable prior notice (except that there is no limitation on such access during emergencies) for the purpose of inspecting, maintaining and repairing the common elements (wiring, plumbing, sewer, heating and cooling networks, common walls, structural members and exterior walls) located within, or adjacent to, any of the units or elsewhere in the condominium.

(D) IDENTIFICATION OF UNITS - The thirty two private individual condominium units are numbered so that the first letter corresponds to the letter designation of the building (A, B or C), in which the unit is located. The first digit of each unit number indicates the number of the living level ("1" or "2") of the unit in that type building. The other two digits comprise the sequential number of the unit on its entry level, in its building. All units the numbers of which begin with the digit "1" are one level, one bedroom units. All units which begin with the digit "2" are two level, two bedroom units. The lettering uses the letter "A" for the Southern building, the letter "B" for the Center building, and the letter "C" for the Northern building.

(1) A UNITS - The four "A" units on the first living level of the Southern building are designated, from East to West, A-101, A-102, A-103 and A-104. The four "A" units on the second (and third) living levels of the Southern building are designated, from East to West, A-201, A-202, A-203 and A-204.

(2) B UNITS - The eight "B" units on the first living level

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of the Center building are designated, from South to North B-101, B-102, B-103, B-104, B-105, B-106, B-107 and B-108. The eight "B" units on the second (and third) living levels of the Center building are designated, from South to North B-201, B-202, B-203, B-204, B-205, B-206, B-207 and B-208.

(3) C UNITS - The four "C" units on the first living level of the Northern building are designated, from East to West, C-101, C-102, C-103 and C-104. The four "C" units on the second (and third) living levels of the Northern building are designated, from East to West, C-201, C-202, C-203 and C-204.

(E) ENCROACHMENTS - To the extent that any unit or common element now or hereafter encroaches on any other unit or common element, whether by reason of any deviation from the plats or plans in the construction, repair, restoration, renovation or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement for such encroachment shall exist.

ARTICLE FOUR A

CONSTRUCTION PHASES - Summer House Condominium shall be constructed in three construction phases, designated Phase A, Phase B and Phase C. Phase A will include all units beginning with the letter "A", Phase "B" will include all units beginning with the letter "B", and Phase C will include all units beginning with the letter "C". The three phases may, but need not be, constructed in alphabetical order. Nothing herein shall preclude all phases from being constructed simultaneously.

ARTICLE FIVE

UNIT OWNERS - Each unit owner shall have the following undivided interests in the common elements of Summer House Condominium: One bedroom units (A-101, A-102, A-103, A-104, B-101, B-102, B-103, B-104, B-105, B-106, B-107, B-108, C-101, C-102, C-103 and C-104) - one forty eighth (1/48th) each; two bedroom units (A-201, A-202, A-203, A-204, B-201, B-202, B-203, B-204, B-205, B-206, B-207, B-208, C-201, C-202, C-203 and C-204) - two forty eighths (2/48ths) each. The project has no limited common elements as of the filing of this declaration.

ARTICLE SIX

VOTING RIGHTS - Each unit of Summer House Condominium shall be entitled to the following votes with respect to matters arising out of ownership of the common elements of Summer House Condominium: One bedroom units (A-101, A-102, A-103, A-104, B-101, B-102, B-103, B-104, B-105, B-106, B-107, B-108, C-101, C-102, C-103 and C-104) - one vote each; two bedroom units (A-201, A-202, A-203, A-204, B-201, B-202, B-203, B-204, B-205, B-206, B-207, B-208, C-201, C-202, C-203 and C-204) - two votes each. There shall therefore be a total of forty eight such votes, one for each of the one bedroom private individual units, and two for each of the two bedroom private individual units. Each unit owner, or group of owners of a unit, if more than one, shall advise the secretary of Summer House Condominium Owners' Association, Inc., of the name of the person entitled to exercise such votes and the secretary shall enter such name in a book kept for that purpose. Summer House Condominium Owners' Association, Inc., shall be entitled

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to rely on such advice, and shall recognize as entitled to so vote only those persons who have been designated as voters, notwithstanding that persons other than those so designated shall have various interests of ownership in the individual units from time to time. The majority of the owners of any private individual unit may redesignate, at any time, any person, whether or not an owner, as entitled to exercise the votes of that unit by so notifying the secretary of Summer House Condominium Owners' Association, Inc., in writing. The association shall recognize only the votes of the last person so designated by a majority of the owners of each unit.

ARTICLE SEVEN

LIMITED COMMON ELEMENTS - As of the filing of this declaration, Summer House Condominium has no limited common elements as that term is defined by the Alabama Condominium Ownership Act. ("Limited Common Elements - A part or parts of the condominium property as set forth in the declaration in which more than one but not all unit owners have an undivided interest." Section 35-8-2(8) CODE OF ALABAMA 1975). This Article Seven of this declaration is hereby reserved for future use should limited common areas of Summer House Condominium be later defined by amendment to this declaration.

ARTICLE EIGHT

COMMON EXPENSE - Common expense shall be shared by the thirty two private individual units, as follows: One bedroom units - one forty eighth (1/48th), each; Two bedroom units - two forty eighths (2/48ths), each. Assessments for common expenses shall be made by Summer House Condominium Owners' Association, Inc., in accordance with

provisions therefor in the bylaws.

ARTICLE NINE

LIMITED COMMON EXPENSE - This Article Nine of this declaration is hereby reserved for use in assigning the proportion of limited common expense to individual units, should any limited common areas of Summer House Condominium be later defined by amendment to this declaration.

ARTICLE TEN

COMMON SURPLUS - Common surplus shall be shared by the thirty two private individual units, as follows: One bedroom units - one forty eighth (1/48th), each; Two bedroom units - two forty eighths (2/48ths), each. Distribution of common surplus shall be made by Summer House Condominium Owners' Association, Inc., in accordance with provisions therefor in the bylaws.

ARTICLE ELEVEN

LIMITED COMMON SURPLUS - This Article Eleven of this declaration is hereby reserved for use in assigning the proportion of limited common surplus to be shared by each or any of the individual units, should any limited common areas of Summer House Condominium be defined by amendment to this declaration.

ARTICLE TWELVE

UNIT OWNERS' ASSOCIATION - The name of the association of the owners of units of Summer House Condominium shall be Summer House Condominium Owners' Association, Inc. Such association shall be responsible for the administration and management of Summer House Condominium in accordance with the provisions of the Alabama

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Condominium Ownership Act, this declaration, and the articles of incorporation and bylaws of Summer House Condominium Owners' Association, Inc. The association shall be incorporated. All unit owners will be members of the association, unless otherwise provided in this declaration by amendment. Summer House Condominium Owners' Association, Inc., acting through its officers or governing board, shall have the following powers:

1. The association may maintain, repair, replace, clean and sanitize the common elements (and limited common elements, if any).

2. The association may assess and collect funds and may pay for common expenses (and limited common expenses, if any) out of such funds as are appropriate.

3. In addition to the enforcement of the covenants and restrictions concerning use, occupancy and transfer of units which are included in this declaration, the association may adopt, distribute, amend and enforce reasonable rules governing the administration and management of the condominium property and the use of the common elements (and limited common elements, if any).

4. The association shall maintain forms of insurance coverage which are for the benefit of the unit owners. The premiums for such insurance shall be assessed to the owners of the private individual units of Summer House Condominium on a pro rata basis and shall constitute a part of each unit owner's liability for common expense. The association shall advise each unit owner of the type and amount of insurance coverage maintained by the association. An insurance committee or trustee may be appointed by the association and

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charged with responsibility of the proceeds of any such insurance. No unit owner or other person or entity having an insurable risk in Summer House Condominium shall be precluded from obtaining additional insurance, individually, at his own expense and for his own exclusive benefit, against any risk, whether or not covered by insurance maintained by the association. Insurance maintained by the association shall include, but shall not be limited to, coverage of the entire condominium property against loss by fire, windstorm, rainstorm, flood and such other hazards as to which the association may desire insurance coverage and liability insurance against any risk, such as death, personal injury, or damage to property, faced by unit owners or by the association by virtue of their individual common (or limited common, if any) ownership in or control over the condominium property, including but not limited to the acts and omissions of the association, its agents, servants and employees.

4. (a) In the event of loss or damage to all or any part of Summer House Condominium the association shall have the power to assess the unit owners, on a pro rata basis, in accordance with their respective shares of the common elements, for the amount by which the cost of repair of such loss or damage exceeds the amount of insurance proceeds paid or due to be paid as the result of such loss or damage. However, in the event of damage to fewer than all of the buildings, such assessments with respect to each damaged building shall be limited to the owners of the units in that building, and the owners of units in undamaged buildings shall not be assessed for damage to he damaged buildings.

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4. (b) In the event of any damage to the condominium property, or any portion thereof, the association, and each of its officers and directors, shall hold the proceeds of insurance paid as the result of such loss, and all monies assessed and collected from the unit owners pursuant to the provisions of Paragraph 4 (a), above, in trust pending formal action by full meeting of the association unit owners, at which meeting there must be a quorum, and shall expend such monies in strict accordance with the wishes of a majority of the votes cast at such meeting. The trust hereby established shall be for the benefit of the unit owners and, in the case of mortgaged units, their respective mortgagees.

5. The association shall have access to each unit from time to time, upon reasonable notice and during reasonable business hours as may be necessary (except that no notice or time limitations shall be required in the case of emergencies) for the maintenance, repair or replacement of any common elements (or limited common elements, if any) therein or accessible therefrom, or for making emergency repairs necessary to prevent damages to any other unit, units or common areas.

6. The association may purchase units in the condominium and otherwise acquire, hold, lease, mortgage and convey the same. It may also lease or license the use of common elements (and limited common elements, if any) in a manner not inconsistent with the rights of unit owners.

7. The association may acquire or enter into agreements whereby it acquires personal property, real property, leaseholds, memberships, units or other possessory or use interests in lands,

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facilities, services or utilities.

8. No unit shall be changed or altered except by amendment to this declaration. This provision shall not, however, be construed to prevent the repainting or nonstructural remodeling or refurbishing of units by their owners, at their expense.

9. The association shall arrange for and shall assess as common expenses (or as limited common expenses, if appropriate) garbage service, sewer service, water service, the lighting of common areas and grounds, maintenance and listing for taxation with respect to common areas, if required by law. All other utilities shall be the responsibility of the private individual owners.

10. The association may enter into agreements by which its powers and responsibilities or some of them may be exercised or performed by some other person or persons.

ARTICLE THIRTEEN COVENANTS AND RESTRICTIONS

1. OCCUPANCY - Each private individual unit shall be occupied only by a family, its servants and guests, as a residence and for no other purpose. No unit may be divided or subdivided into a smaller unit without first amending this declaration to allow therefor.

2. USE OF COMMON ELEMENTS - The common elements shall be used only for the purpose for which they are intended in the furnishing of access, services and facilities for the private individual units.

3. GENERAL USAGE - No use or practice shall be permitted on the condominium property which is a source of annoyance to condominium residents or which interferes with the peaceful possession and proper

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use of the property by all residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate nor shall any fire hazard be allowed to exist. No private individual unit owner shall permit any use of his unit or of the common elements which will disturb the other unit owners or increase the rate of insurance on the condominium property. No unlawful use may be made of the condominium property or any part thereof. All applicable laws, zoning ordinances and regulations respecting the condominium property shall be observed and obeyed by each private individual unit owner and those persons on the premises with his permission.

4. COMPLETION OF IMPROVEMENTS - Until such time as the Developer has completed and sold all of the private individual units, neither the private individual unit owners, nor Summer House Condominium Owners' Association, Inc., nor the use of the condominium property shall interfere with the completion of the planned improvements or the sale of units. The Developer may make such use of the unsold units and common areas as may facilitate such completion and sale.

5. NOTICE AND EFFECT OF ENCUMBRANCES - The owners of the private individual units shall notify the association of any and all liens upon their units and any and all suits which may affect title to their units. Such notice shall be given within five (5) days of the attachment of such lien or service of process in such suit. The granting of a mortgage on a unit by its owner(s) shall be construed as conferring upon the mortgagee a conditional proxy to cast the votes

attributable to that unit at any regular or special meeting of the association. The condition of such proxy shall be notice by such mortgagee to the association, in writing, of its intent to exercise the conditional proxy rights granted to it, as mortgagee, by the terms of this subparagraph. In the absence of such written notice, the association shall be entitled to recognize the unit owner(s) of mortgaged units as fully entitled to cast the votes attributable to their unit. However, once such written notice is received by the association, the mortgagee's right to cast the votes attributable to that unit shall be recognized by the association 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.

5. (a) If a holder of a mortgage of record or other purchaser of a unit obtains title to such unit as a result of foreclosure of the mortgage, or as the result of execution and delivery of a deed in lieu of foreclosure, such acquirer of title, his successors and assigns shall not be fully liable for the share of common expenses or other assessments by the association pertaining to such unit or chargeable to the former unit owner which became due prior to acquisition of title as a result of the foreclosure or deed in lieu of foreclosure. Such unpaid share of common expenses, limited common expenses or other assessments shall be deemed to be common expenses collectable from all of the remaining unit owners including such acquirer, his successors and assigns.

6. RULES AND REGULATIONS - Summer House Condominium Owners'

Association, Inc., may make and amend, from time to time, reasonable regulations concerning the use of the condominium property in accordance with the provisions therefor in its articles of incorporation and bylaws. Copies of all such regulations and amendments shall be furnished by the association to all private individual unit owners and residents upon request.

7. LIABILITY OF OWNERS - Owners of private individual units of Summer House Condominium shall be liable for the expense of any maintenance, repair or replacement of private or common elements rendered necessary by their acts, negligent, careless or otherwise, or those of anyone on the premises with their express or implied consent, but only 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 insurance rates occasioned by such acts or by an owner's use, misuse, occupancy or abandonment of his unit or its appurtenances.

8. ENFORCEMENT - In any proceeding to enforce any alleged liability of a unit owner arising under this or any other section of this declaration, the bylaws or the articles of incorporation of Summer House Condominium Owners' Association, Inc., the prevailing party shall recover the costs of the proceeding, including a reasonable attorney's fee to be assessed by the court.

9. NONENFORCEMENT - The failure of the association or any unit owner to enforce any provision, covenant or restriction of this declaration, the articles of incorporation or the bylaws of Summer House Condominium Owners' Association, Inc., or the Alabama

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Condominium Ownership Act, or rule or regulation adopted pursuant thereto shall not constitute a waiver of the right thereafter to do so at any time.

ARTICLE FOURTEEN

BLANKET MORTGAGES - The entire property of Summer House Condominium, 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 recordable instrument executed by all of the owners of the property or units covered thereby. 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 his unit from the lien of such mortgage and a satisfaction and discharge in recordable form upon payment to the holder of the mortgage a sum equal to the reasonable proportionate share attributable to his 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 Summer House Condominium attributable to such unit or units.

ARTICLE FIFTEEN

RIGHTS OF SECURITY HOLDERS - In recognition of the fact that units of Summer House Condominium, will be mortgaged from time to time, and that such mortgages may at times be variously insured or

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guaranteed by others, Summer House Condominium Owners' Association, Inc., will recognize such interests in at least the following ways (all holders of first mortgages on units within the condominium, and all insurers and guarantors thereof, are sometimes collectively referred to in this declaration and in the other condominium documents as "security holders" or as the "holders of security interests"):

A - NOTICES TO SECURITY HOLDERS - Upon written request to Summer House Condominium Owners' Association, Inc., by any holder of any security interest in any unit of Summer House Condominium, identifying the name and address of such security holder, the condominium unit number and the name of the owner or owners of such unit, the Association shall timely notify such security holder of the following matters for so long as the security interest exists:

1. Any condemnation loss or casualty loss which affects a material portion of the project or any condominium unit on which there is a first mortgage in which such security holder is in any way interested.

2. Any delinquency in the payment of assessments or charges owed by the owner of any condominium unit subject to such security holders' security interest which remains uncured for a period of sixty days.

3. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

4. Any proposed action which would require the consent of a specified percentage of the holders of security interests in units within the condominium as specified herein.

B - PROCEDURES UPON TOTAL OR PARTIAL CONDEMNATION, DESTRUCTION, OR TERMINATION - Summer House Condominium Owners' Association, Inc., shall represent the unit owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof. By joining in this amendment, or by accepting unit deeds subsequent to this amendment, the unit owners appoint Summer House Condominium Owners' Association, Inc., as their attorney in fact for such purposes. The said Owners' Association may appoint a trustee, or an insurance committee as such trustee, to carry out the above functions. Any award, settlement or distribution in respect of total or partial condemnation, destruction or termination shall be payable to or handled by Summer House Condominium Owners' Association, Inc., or its trustee, for the use and benefit of the unit owners and their respective mortgagees as their respective interests may appear, on a reasonable and equitable basis, in accordance with each unit's respective interest in the common elements as set forth in the original declaration.

C - VOTING RIGHTS OF SECURITY HOLDERS UPON PARTIAL DESTRUCTION OR PARTIAL CONDEMNATION - In addition to the notices specified above, security holders shall also be afforded the following voting rights, upon the happening of the events specified:

1. Any restoration of Summer House Condominium, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the declaration and the original plans and specifications, unless other action is approved by

the security holders holding mortgages on unit estates having at least fifty one percent of the votes attributable to units in which there are outstanding security interests.

2. Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the project property be approved by the security holders holding mortgages on unit estates having at least fifty one percent of the votes attributable to units in which there are outstanding security interests.

3. In the event of the partial destruction or partial condemnation of Summer House Condominium, no reallocation of interests in the common areas of Summer House Condominium shall be effected without the prior approval of the security holders holding mortgages on all remaining unit estates, whether existing in whole or in part, having at least fifty one percent of the votes attributable to such remaining units in which there are outstanding security interests.

D. RIGHTS OF SECURITY HOLDERS REGARDING CERTAIN AMENDMENTS -
The following provisions do not apply to amendments to the condominium documents or termination of Summer House Condominium as the result of destruction, damage or condemnation, or to any reallocation of the common elements pursuant to any plan of expansion or phased development contained in the original condominium constituent documents; HOWEVER, with respect to amendments not falling under such categories, the following shall apply:

1. The consent of the owners of unit estates to which at least sixty seven percent of the votes in Summer House Condominium

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Owners' Association, Inc., are allocated and the approval of security holders holding mortgages on unit estates having at least sixty seven percent of the votes attributable to units in which there are outstanding security interests shall be required to terminate the status of Summer House Condominium as a condominium.

2. The consent of the owners of unit estates to which at least sixty seven percent of the votes in Summer House Condominium Owners' Association, Inc., are allocated and the approval of security holders holding mortgages on unit estates having at least fifty one percent of the votes attributable to units in which there are outstanding security interests shall be required to add or amend any material provisions of the condominium documents of Summer House Condominium which establish, provide for govern or regulate any of the following:

- a. Voting;
- b. Assessments, assessment liens or the subordination of such liens;
- c. Reserves for maintenance, repair and replacement of the common areas (or units, if applicable.);
- d. Insurance or fidelity bonds;
- e. Rights to use of the common areas;
- f. Responsibility for maintenance and repair of the several portions of Summer House Condominium;
- g. Expansion or contraction of Summer House Condominium, or the addition, annexation or withdrawal of property to or from Summer House Condominium;

- n. Boundaries of any unit;
- i. The interests in the general or limited common areas (if there are any common areas);
- j. Convertibility of units into common areas or of common areas into units;
- k. Leasing of unit estates;
- l. Imposition of any right of first refusal or similar restriction on the right of a unit estate owner to sell, transfer or otherwise convey his or her unit estate.;
- m. Any provisions which are for the express benefit of mortgage holders, the holders of security interests as defined in this amendment, or the insurers or guarantors of first mortgages on unit estates.

E. INSURANCE AND FIDELITY BONDS - Summer House Condominium Owners' Association, Inc., shall maintain in effect casualty and liability insurance and fidelity bond coverage as specified in Federal National Mortgage Association (FNMA) Conventional Home Mortgage Selling Contract Supplement (hereinafter the FNMA Supplement) 803.07P.

F. AVAILABILITY OF DOCUMENTS - Summer House Condominium Owners' Association, Inc., shall make available to all unit owners and holders of security interests in units of Summer House Condominium current copies of the Declaration of Condominium, the By Laws and the Articles of Incorporation of Summer House Condominium Owners' Association, Inc., other rules concerning the project and all other books, records and financial statements of the said Owners' Association. "Available" means available for inspection, upon

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request, during normal business hours or under other reasonable circumstances.

G. RESTRICTION ON CONTRACTS - Neither Summer House Condominium, nor its Owners' Association, shall enter into any contract which is not terminable by the Association for any cause, or without cause, at any time, except that this restriction shall not apply to contracts for essential utilities such as water, sewer or electrical service.

H. ASSESSMENTS FOR COMMON EXPENSES - Assessments for the common expenses of Summer House Condominium, including special assessments, shall be due and collectable on a monthly basis, shall first be due in respect of each unit in the first month after the unit is transferred to its first owner, and shall be enforceable by Summer House Owners' Association, Inc., in the mode and manner provided by Section 35-8-17 CODE OF ALABAMA 1975, which provides for the establishment and enforcement of liens in favor of the Association.

I. COMMON EXPENSE RESERVES - Summer House Condominium Owners' Association, Inc., shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common areas. (Summer House Condominium has no limited common areas.) The fund shall be maintained out of regular assessments for common expenses.

J. WORKING CAPITAL FUND - Summer House Condominium Owners' Association, Inc., shall establish a working capital fund equal to at least three months estimated common expense for each unit. Each unit's share of the working capital fund must be collected and

transferred to the Owners' Association at the time the unit is first purchased, and must be maintained in a segregated account for the use and benefit of the Association. Amounts paid into the fund as initial working capital shall be non refundable and shall not be applied toward the regular monthly maintenance fee assessments.

K. NO RIGHT OF FIRST REFUSAL - There shall be no so called "right of first refusal" created with respect to Summer House Condominium.

L. RIGHTS OF ACTION - Summer House Condominium Owners' Association, Inc., shall have a right of action, in any court of competent jurisdiction, against any unit owner as a means of enforcing any of the rights and obligations established by the condominium documents of Summer House Condominium or by the laws of the State of Alabama regarding condominiums. Similarly, the owners of units of Summer House Condominium shall have joint, separate and several rights of action against Summer House Condominium Owners' Association, Inc., in courts of competent jurisdiction, in respect of matters with respect to which they may at any time be aggrieved.

M. RESOLUTION OF CONFLICTS - In the event of conflict between the provisions of this Article and any other part of this declaration or the other condominium constituent documents, the provisions of this Article shall be controlling.

ARTICLE SIXTEEN

AMENDMENTS - This declaration may be amended by the votes representing three-fourths (3/4ths) of the private individual units of Summer House Condominium, cast in person or by proxy at a meeting duly

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held in accordance with the provisions of the bylaws. The notice of any meeting at which an amendment to this declaration is proposed shall be in writing and shall include specific notice of the nature and terms of the proposed amendment. No amendment may change, alter or eliminate any private individual unit or effect any change in the percentage or fraction of the ownership of the common elements attributable to that unit, unless and until all of the owners and record mortgage holders of such unit shall have agreed to such amendment, in writing. All amendments shall become effective only upon being placed of record in the Office of the Judge of Probate, Baldwin County, Alabama.

IN WITNESS WHEREOF, CHAPMAN BUILDING COMPANY, INC., an Alabama corporation, has caused this declaration to be executed by CHARLES H. CHAPMAN, III, its president, this the 21st day of July, 1983.

CHAPMAN BUILDING COMPANY, INC.
an Alabama corporation

Charles H. Chapman III
CHARLES H. CHAPMAN, III, President

STATE OF Florida
Escambia COUNTY

CORPORATE ACKNOWLEDGEMENT

I, the undersigned authority, in and for said county, in said State, hereby certify that CHARLES H. CHAPMAN, ~~III~~ whose name as president of CHAPMAN BUILDING COMPANY, INC., is signed to the above and foregoing Declaration of Condominium, and who is known to me, acknowledged before me on this day that, being informed of the contents of the Declaration he executed the same voluntarily on the day the same bears date, for and as the act of the said corporation.

Given under my hand and official seal this the 21st day of July, 1983.

Annette Hayes
Notary Public

MY COMMISSION EXPIRES OCTOBER 25, 1984

MSC. 65-1737

This instrument was prepared by:

Samuel G. McKerral
Attorney At Law
P. O. Box 818
Gulf Shores, Alabama 36542

MISC. 45-136 1738

STATE OF ALABAMA

BALDWIN COUNTY

BYLAWS
OF
SUMMER HOUSE CONDOMINIUM
OWNERS' ASSOCIATION, INC.
A NONPROFIT CORPORATION
FORMED PURSUANT TO
THE PROVISIONS OF
THE ALABAMA NONPROFIT CORPORATION ACT
AND
THE ALABAMA CONDOMINIUM OWNERSHIP ACT

PREAMBLE

These are the bylaws of Summer House Condominium Owners' Association, Inc., a nonprofit corporation formed pursuant to the provisions of The Alabama Non Profit Corporation Act, Sections 10-3-1 to 10-3-172 CODE OF ALABAMA 1975 and The Alabama Condominium Ownership Act, Sections 35-8-1 to 35-8-22 CODE OF ALABAMA 1975. These are also the bylaws of Summer House Condominium. These bylaws, the declaration of condominium of Summer House Condominium, Gulf Shores, Baldwin County, Alabama, and the articles of incorporation of Summer House Condominium Owner's Association, Inc., are hereby simultaneously filed in the Probate Office of Baldwin County, Alabama, pursuant to the various requirements of the aforementioned statutes. Summer House Condominium Owners' Association, Inc., has been formed pursuant to the provisions of the said statutes for the purpose of administering Summer House Condominium, Gulf Shores, Alabama, which condominium is and shall be located on the following real property located in Baldwin County, Gulf Shores, Alabama, to wit:

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Lot Number Twenty-Seven (27), of Block 1, of LAGOON ESTATES NO. 2, as shown on Map recorded in Map Book 4, Page 149 of the records in the Office of the Judge of Probate of Baldwin County, Alabama, LESS AND EXCEPT all oil, gas and other minerals on, in and under said property, and all rights in connection therewith.

OFFICE

1. The principal office and mailing address of Summer House Condominium Owners' Association, Inc., shall be West Beach Boulevard (West of the Lagoon Pass Bridge), P. O. Box 459, Gulf Shores, Alabama 36542. The corporation may also have offices in such other places as the Board of Directors may from time appoint or the business of the corporation may require.

MEMBERS' MEETINGS

2. All meetings of the members shall be held at Summer House Condominium, Gulf Shores, Baldwin County, Alabama; PROVIDED, HOWEVER, that meetings of the members may be held at such other places within the State of Alabama as may be selected by the Board of Directors upon notice, as required by law, to all members of record of the time and place of holding such meetings.

3. At all meetings of the members of the corporation there shall be recognized two votes for each of the sixteen two bedroom condominium units of Summer House Condominium, and one vote for each of the sixteenone bedroom condominium units of Summer House Condominium. Each unit owner, or group of owners of a unit, if more than one, shall advise the secretary of the corporation of the name of the person entitled to exercise such vote and the secretary shall enter such name in a book kept for that purpose. The corporation shall be

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entitled to rely on such advice and shall recognize as entitled to cast unit votes only those persons who have been so designated as voters, notwithstanding that persons other than those so designated shall have various interests of ownership in the individual units from time to time. The majority of the owners of a unit may redesignate, at any time, any person, whether or not an owner, as the person entitled to exercise the votes of that unit, by so notifying the secretary of the corporation, in writing. The corporation shall recognize only the votes of the last person so designated, in writing, by a majority of the owners of each unit.

3.(a) The granting of a mortgage on a unit by its owner(s) shall be construed as conferring upon the mortgagee a conditional proxy to cast the votes attributable to such unit at any regular or special meeting of the association. The condition of such proxy shall be notice by such mortgagee to the association, in writing, of its intent to exercise the conditional proxy rights granted to it, as mortgagee, by the terms of this subparagraph. In the absence of such written notice, the association shall be entitled to recognize the unit owner(s) of mortgaged units as fully entitled to cast the votes attributable to their unit. However, once such written notice is received by the association, the mortgagee's exclusive right to cast the votes attributable to that unit shall be recognized by the association 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.

4. There shall be an annual meeting of the members of the

corporation held each year during the month of January, the date of which shall be set by the Board of Directors. Notice of the date, place and time of each annual meeting shall be mailed to each member (whether or not designated as a voting member) by the secretary, by certified mail, not less than ten (10) nor more than sixty (60) days prior to the meeting. Notice mailed to a member's last known address as shown in the corporate records shall be deemed sufficient. The members shall have and assume responsibility to notify the corporation's secretary of their current mailing addresses.

5. At the annual meeting the voting members shall elect officers and directors and transact such other business as may properly be brought before the meeting.

6. The majority of the voting representatives of the members of Summer house Condominium, present in person or by proxy, shall be requisite and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by law, by the articles of incorporation, by the declaration of condominium, or by these bylaws. If, however, such majority shall not be present or represented at any meeting of the members, the voting representatives entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until the requisite number of voting representatives shall be present. At such adjourned meeting, at which the requisite number of voting representatives shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

7. At each meeting of the members every voting representative shall be entitled to cast the votes attributable to the unit he represents, to be cast in person, or by proxy appointed by instrument in writing, subscribed by each member owner of the unit in question, and bearing a date not more than three (3) years prior to such meeting, unless said instrument provides for a longer period. The votes for officers and directors, and upon the demand of any member the vote upon any question before the meeting shall be by secret ballot. All elections shall be had and all questions decided by a majority vote, except as otherwise specifically provided by law, by the articles of incorporation, by the declaration of condominium, or by these bylaws. Members who are not voting representatives shall be recognized and allowed to participate in the discussion regarding all questions which may come before the meeting.

8. Special meetings of the members may be called by the president, or shall be called by the president or secretary at the request in writing of any two directors or any five members, voting representatives, or proxy holders. All such requests for special meetings, and all notices thereof, shall state the purpose of the proposed meeting.

DIRECTORS

9. The property and business of this corporation shall be managed by its Board of Directors, which shall never be less than three in number. Directors need not be members, but must be either members, voting representatives, or both. Prior to the meeting of the members required to be called by the Developer by paragraph 6.1 of the

articles of incorporation as soon as three fourths (3/4) (or next greater fraction) of the total declared number of condominium units have been sold, the directors shall consist of the incorporators. From and after the initial meeting of the members of the corporation, called as required by paragraph 6.1 of the articles of incorporation, the directors shall consist of the corporation's president, immediate past president, vice president, secretary, treasurer, and two additional directors to be selected by the voting representatives. The term of office of one such non officer director shall expire at the next annual meeting held in an even numbered year, and the term of the other such non officer director shall expire at the next annual meeting held in an odd numbered year. Thereafter, each non-officer director shall be elected for a term of two years. All other directors shall serve for terms as directors coextensive with their terms as officers.

10. Directors shall not receive any salary for their services, but by resolution of the Board of Directors they may be reimbursed for their expenses of attendance, if any, at each regular or special meeting of the Board of Directors.

11. Any one or more of the directors may be removed, either with or without cause, at any time by a vote of more than two thirds (2/3) of the directors then holding office, but such removal shall be null and void and of no effect unless and until the same shall be ratified by a majority of the voting representatives voting at the next meeting of the members following such vote of removal by the directors. In the event of such removal the removed director or

directors shall be so notified by certified mail, return receipt requested, and his, her or their successor or successors shall be chosen in the manner prescribed by paragraph 27 of these bylaws.

MEETINGS OF THE BOARD OF DIRECTORS

12. There shall be regular meetings of the Board of Directors at least once each quarter, or once each month if the directors so elect, and immediately prior to and following all meetings of the members.

13. At their first meeting the directors shall designate the time, place and frequency of their regular meetings, and no further notice thereof shall be required so long as the time and place remains unchanged. Special meetings of the Board of Directors may be called upon three days' notice to each director, either personally or by mail, unless such notice is waived by each director in writing.

14. At all meetings of the Board of Directors a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise provided by statute, the articles of incorporation, the declaration of condominium, or these bylaws.

15. The Board of Directors may by resolution appoint one or more standing committees, consisting of two or more of their number, for the handling of routine business. Such committees may negotiate for and on behalf of the corporation, but only a quorum of the Board of Directors, meeting in the manner set forth herein, or the

president, acting pursuant to instructions of the Board of Directors, shall have the authority to bind the corporation on any contract.

16. The Board of Directors shall assess and collect funds from the members on a monthly basis and shall utilize such funds to pay for the common expenses (and limited common expenses, if any) of Summer House Condominium. Such expenses shall include, but shall not be limited to, garbage service, sewer service, water service, the lighting of common areas and grounds, and the regular maintenance and service of all of the common recreational and mechanical components of the condominium property. If the common elements (or limited common elements, if any) are ever required to be listed for taxation, the Board of Directors shall be responsible for doing all things necessary for compliance with such law. The corporation shall not arrange or be responsible for utilities or services benefitting solely private individual units of Summer House Condominium. Any surplus of funds so assessed in excess of such expenses at the end of any accounting period shall be retained by the corporation or refunded pro rata to the owners of the private individual units of Summer House Condominium, as the Board of Directors may elect, as determined by the needs of the corporation.

OFFICERS

17. The officers of the corporation shall consist of a president, vice president, secretary, treasurer and registered agent, and such other officers or assistant officers as may be deemed necessary by the directors. The offices of president and secretary may not be held by the same individual, but all other offices may be

combined in any manner the members see fit. The officers may be, but need not be, members of Summer House Condominium Owners' Association, Inc., or owners of all or part of any unit of Summer House Condominium. They must, however, be among those designated as voters pursuant to the provisions of paragraph 5.2 of the articles of incorporation of Summer House Condominium Owners' Association, Inc., and paragraph 27 of these bylaws. The initial officers shall be selected by the incorporators, and shall serve until their replacements are selected and qualified pursuant to the provisions of paragraph 6.1 of the articles of incorporation of Summer House Condominium Owners' Association, Inc.

18. The Board of Directors may appoint such other officers or agents as they shall deem necessary, who shall hold their offices for such times and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

19. The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officers elected by the members may be removed at any time by the affirmative vote of two thirds (2/3) of the Board of Directors. In the case of such removal of one or more officers, their successor or successors shall be selected in accordance with the provisions of paragraph 27 of these bylaws.

THE PRESIDENT

20. The president shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and directors; shall have general supervision and management of the

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business of the corporation; and shall see that all orders and resolutions of the Board of Directors are carried into effect.

21. The president shall have authority to execute contracts, notes, mortgages, bonds, and other conveyances of the property of the corporation only upon resolution of the Board of Directors, and the seal of the corporation must be affixed to such instruments and attested by the secretary.

THE VICE PRESIDENT

22. The vice president shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties as the Board of Directors shall prescribe.

THE SECRETARY

23. The secretary shall attend all sessions of the Board of Directors and meetings of the members, and shall record all votes and minutes of all meetings in a book to be kept for that purpose. He or she shall give or cause to be given notice of all meetings of the members and of the Board of Directors, as may be required by the articles of incorporation, the bylaws, or the laws of the State of Alabama. The secretary shall keep and file the member's designations of the names of their voting representatives, and all proxies presented to the corporation, in separate file folders corresponding to each unit of Summer House Condominium, and shall also keep a separate file or book listing all current voting representatives and proxy holders, to the end that the names of all persons currently entitled to vote at members' meetings may be ascertained by reference

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to a single file or book. The secretary shall be custodian of the corporate seal, and when authorized by the Board of Directors, shall affix the seal of the corporation to any instrument requiring it, attesting the same by his or her signature. The secretary shall perform such other duties as the Board of Directors shall prescribe.

THE TREASURER

24. The treasurer shall have custody of all of the corporation's funds, securities and other property, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name of and to the credit of the corporation in such depositories as may be designated by the Board of Directors; provided, however, that sums of money may be set up to be exempt from the above provision by the Board of Directors, to be known as petty cash funds for the office of the corporation, and the Board of Directors shall prescribe the amount to be so exempt from this provision. Such funds so deposited as are not subject to the above petty cash exemption shall be subject to withdrawal on checks signed by the president and treasurer, or such other persons as the Board of Directors may from time to time designate. The treasurer shall render to the Board of Directors at regular meetings of the Board of Directors, whenever required, an account of all financial transactions of the corporation and a report of the financial condition of the corporation. The treasurer shall perform such other duties as the Board of Directors shall prescribe.

25. The treasurer shall be responsible for keeping those

certain records required to be kept by the Alabama Condominium Act, namely those specified by Section 35-8-10 CODE OF ALABAMA 1975, which requires:

(4) Provision for the maintenance of accounting in accordance with generally accepted accounting principles, open to inspection by unit owners at reasonable times. Such records shall include:

a. A record of all receipts and expenditures.

b. An account for each unit, setting forth any shares of common expenses or other charges due, the due dates thereof, the present balance due and any interest in common surplus or limited common surplus.

THE REGISTERED AGENT

26. The registered agent shall maintain the corporation's mailing address, shall report the same to the Alabama Secretary of State, as required by law, and shall report all corporate communications received by him or her to the to the corporation's Board of Directors. The registered agent must be a resident of the State of Alabama. The name and address of the registered agent of Summer House Condominium Owners' Association, Inc., as of the date of these bylaws, is:

Samuel G. McKerral
P. O. Box 818
Gulf Shores, Alabama 36542

VACANCIES

27. If the office of any director or officer, one or more, becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, the directors then in

office, although less than a quorum, by a majority vote may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

NOTICES

28. Whenever under the provisions of these bylaws notice is required to be given to any director, officer or member, it shall not be construed to require personal notice, but such notice may be given in writing, by mail.

WAIVERS

29. The notices of meetings herein required may be waived by the members, in writing, and the members may act for and on behalf of the corporation by written agreement without meetings; however, in all such cases, whether with respect to waivers of notice or with respect to action by agreement without meetings, the decisions of the members to proceed must be unanimous.

AMENDMENTS

30. These bylaws may be altered or amended by the affirmative vote of three fourths (3/4) of the units of membership of Summer House Condominium Owners' Association, Inc., PROVIDED, that notice of the proposed alteration or amendment be contained in the notice of the meeting at which such alteration or amendment is proposed; and these bylaws may also be altered or amended by the affirmative vote of a majority of the Board of Directors by resolution adopted at a regular or special meeting of the Board of Directors; PROVIDED, HOWEVER, that no change in the time or place for the election of directors or officers shall be made within thirty days

next before the day on which such election is to be held; and in case of any change of such time or place, notice thereof shall be given to each member in person or by letter mailed to his last known address at least ten days before the election is held. No amendment may change, alter or eliminate any private individual unit, or effect any change in the percentage or fraction of the common elements of that unit, unless and until all of the owners and record mortgage holders of such unit shall have agreed to such amendment, in writing. In the event of conflict between the members and the Board with respect to the passage of bylaws, the members shall prevail. No amendment to these bylaws shall be of any force or effect until it shall have been filed for record in the Probate Office of Baldwin County, Alabama, at which time it shall become and be of full force and effect.

LIMITATION ON POWERS

31. The corporation shall not serve as advertising agent or rental agent for the owners in the ordinary course of its business. This provision shall not prevent the corporation from referring prospective renters to the various owners on a rotating or some other equal basis, but under no circumstances shall the corporation receive and pool rental income for distribution to the owners on any basis other than according to the actual rental income generated by each individual unit. This paragraph may not be amended except by unanimous vote of the owners. In the event of such amendment each owner, whether or not a designated voting member of the corporation, shall sign a certificate to be held in the corporate files acknowledging that the pooling of rental income may subject their interests of ownership in

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Summer House Condominium to registration under the federal securities acts and the Alabama Blue Sky Laws.

RESOLUTION OF CONFLICTS

32. In the event of conflict between the provisions of these By Laws, the Declaration of Condominium of Summer House Condominium, or the Articles of Incorporation of Summer House Condominium Owners' Association, Inc., the provisions of the Declaration of Condominium of Summer House Condominium shall be controlling.

ADOPTED this the 21st day of July, 1983.

Howard R. Giles
HOWARD R. GILES

Norris W. Mahan
NORRIS W. MAHAN

Annetta G. Hayes
ANNETTA G. HAYES

MSC. 45 OF 1753