BYLAWS

PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION

An Alabama Corporation Not-for-Profit

These Bylaws shall be read and construed in conjunction with the Articles of Incorporation of PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION and the Condominium Declaration for PARADISE ISLE RESORT CONDOMINIUM, as each may be amended from time to time. The meanings of terms hereof shall be as defined in said Declaration of Condominium and Articles of Incorporation.

ARTICLE I

PRINCIPAL OFFICE

The principal office of the Corporation shall be located at Hwy 182 at 6th Avenue, P. O. Box 274, Gulf Shores, Alabama 36542. The Corporation shall have and continuously maintain at above office an Agent whose office shall be identical with such registered office. The address of the principal office may be changed from time to time as presently provided by Alabama Code 10-3-27, or as amended.

ARTICLE II

MEMBERS

Section 1: Initial and Subsequent Members. Those persons or corporations who presently own or hereafter acquire Time-Share Estates (by execution of an installment sales contract or receipt of a deed) in PARADISE ISLE RESORT CONDOMINIUM, hereinafter referred to as the "CONDOMINIUM," shall be Members.

Section 2: Voting Rights. There shall be allowed 51 votes per Unit. Each 1/51st interest, i.e., Time-Share Estate, in a Unit shall be entitled to one vote. In the event of joint ownership of a Unit or Time-Share Estate therein, the vote applicable thereto shall be divided equally among the Joint Owners thereof and cast as fractional votes or by agreement of the Joint Owners cast by one of their number.

Section 3: Termination of Membership. Whenever a Member ceases to be an Owner of a Time-Share Estate in the Condominium his membership shall then and there automatically terminate.

Section 4: Transfer of Membership. Membership in this Corporation is not transferable or assignable, except with a transfer of the Time-Share Estate therein.

ARTICLE III

MEETING OF MEMBERS

Section 1: Annual Meeting. An Annual Meeting of the Members shall be held at the office of the Corporation on the second Friday of February of each year, beginning with the year 1985, at the hour of 2:00 p.m., for the purpose of electing Directors and for the transaction of such other business as may come before the Meeting. If the day fixed for the Annual Meeting shall be a legal holiday in the State of Alabama, such Meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a Special Meeting of the Members as soon thereafter as it conveniently may be held.

Section 2: Special Meeting. Special meetings of the Members may be called by the President, or by the Board of Directors, or by Members having not less than one-twentieth of the voting rights entitled to be cast at such meeting. A voting right for purposes of these Bylaws is the right to cast one vote.

Section 3: Place of Meetings. The Board of Directors may designate any place within Baldwin County, Alabama, as the place of meeting for any special meeting, and if no such designation is made, such Meeting shall take place at the office of the Corporation, Baldwin County, Alabama.

Section 4: Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than 10 nor more than 30 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the Officers or persons calling the meeting to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Corporation, with first-class postage prepaid thereon.

Waiver of Notice. Whenever any notice is required to be given to any Member or Director of the Corporation by law or under the provisions of the Articles of Incorporation or Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 5: Action by Members or Directors Without Meeting. Any action required by Bylaw to be taken at a meeting of the Members or Directors of the Corporation or any action which may be taken at a meeting of the Members or Directors or of a committee of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, all of the Directors or all of the Members of the committee or Directors, as the case may be. Such consent shall have the same force and effect as a unanimous vote and may be stated as such in any Articles or documents filed with the Secretary of State under this chapter.

Section 6: Quorum. Members holding one-tenth (1/10th) of the votes entitled to be cast represented in person or by proxy shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a meeting in which a quorum is present shall be necessary for the adoption of any matter voted upon by the Members, unless a greater proportion is required by law, the Articles of Incorporation or these Bylaws.

Section 7: Proxies. At any meeting of Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his duly authorized agent.

Section 8: Voting By Mail. Where Directors or Officers are to be elected by Members of any class or classes of Members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

Section 9: Secret Ballot. Notwithstanding anything contained herein to the contrary, any vote to amend the Declaration of condominium relating to a change in percentage of ownership in the common elements or sharing of the common expenses shall be done by secret ballot.

ARTICLE IV

BOARD OF DIRECTORS

Section 1: General Powers. The affairs of the Corporation shall be managed by its Board of Directors. Said Board shall have and execute all powers necessary to accomplish its duties and obligations relative to the Corporation and the Condominium. Directors need not be Members of the Corporation.

Section 2: Number, Tenure and Qualifications. The Members of the Corporation shall at each Annual Meeting determine the number of Directors of the Corporation for the following year, which said number shall in no event be less than three (3), the number of Directors so determined shall be elected at the meeting by the Members of the Corporation, the appropriate number of candidates receiving a plurality of the votes cast to be duly elected Directors of the Corporation. The present Members of the Board of Directors or successors of the present Members of the Board of Directors as appointed by them in the event of the removal or disability or one or all of said Directors, shall hold office until the next Annual Meeting of the Members, at which time the successors shall be elected. Each Director thereafter shall hold office until the next Annual Meeting of the Members and until his successor shall have been elected and qualified, or until removed by written agreement of the Members owning a majority of the voting rights or by such a majority of all voting rights at a Special Meeting of the Members called by five percent (5%) of the voting rights for that purpose.

Section 3: Regular Meetings. A regular Annual Meeting of the Board of Directors shall be held immediately after and at the same place as the Annual Meeting of Members.

Section 4: Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place within Alabama as the place for holding any special meeting of the Board called by them.

Section 5: Notice. Notice of any Special Meeting of the Board of Directors shall be given at least ten days previous thereto by written notice delivered personally or sent by mail or telegram to each Director at his address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with first-class postage prepaid thereon. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 6: Quorum. A majority of the Board of Directors shall constitute a Quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7: Manner of Acting. The act of a majority of the Directors present at a meeting at which a Quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 8: Vacancies. Any vacancy in the Board of Directors and any directorship to be filled by reason of death, disability, resignation or removal, shall be filled through election by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 9: Compensation. Directors may receive compensation for acting as such, and nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE V

OFFICERS

Section 1: Officers. The Officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, and such other Officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other Officers including one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, as it shall deem desirable; such Officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more officers may be held by the same person, except the offices of President and Secretary.

Section 2: Election and Term of Office. The present Officers of the Corporation or their successors as elected by the Board of Directors of the Corporation in the event of resignation or disability, shall serve until the next Annual Meeting of the Board of Directors of the

Corporation. Thereafter, the Officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of Directors. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3: Removal. Any Officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Officers so removed. Election or appointment of an Officer or agent shall not of itself create contract rights.

Section 4: Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5: President. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the Members and of the Board of Directors and shall execute any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other Officer or agent of the Corporation; and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6: Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President (or, in the event there be more than one Vice President, the Vice Presidents in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as, from time to time, may be assigned to him by the President or by the Board of Directors.

Section 7: Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositaries; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8: Secretary. The Secretary shall keep the minutes of the meetings of the members of the Board of Directors in one or more books provided for that purpose, which minutes shall be kept in a business-like manner and shall be available for inspection by Unit Owners or their authorized representatives and Board members at all reasonable times and shall be retained for a period of at least seven years; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the Seal of the Corporation and see that the Seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its Seal is duly authorized in accordance with the provisions of these Bylaws; keep a register of the post office address of each Member which shall be furnished to the Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9: Assistant Treasurers and Assistant Secretaries. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively, or by the President or the Board of Directors.

Section 10: Compensation. Officers and Directors of the Corporation may receive compensation set by the Board of Directors for acting as such.

ARTICLE VI

COMMITTEES

Section 1: Committees of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation; but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him by law.

Section 2: Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Corporation, and the President of the Corporation shall appoint the members thereof.

Section 3: Term of Office. Each member of a committee shall continue as such until the next Annual Meeting of the Members of the Corporation and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee by the person or persons authorized to appoint such member, or unless such member shall cease to qualify as a member thereof.

Section 4: Chairman. One member of each committee shall be appointed Chairman by the person or persons authorized to appoint the members thereof.

Section 5: Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 6: Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7: Rules. Each committee may adopt rules for its own government not inconsistent with the Bylaws or with rules adopted by the Board of Directors.

ARTICLE VII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1: Contracts. The Board of Directors may authorize any Officer or Officers, agent or agents of the Corporation, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2: Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Corporation shall be signed by such Officer or Officers, agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer, and countersigned by the President or a Vice President of the Corporation.

Section 3: Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositaries as the Board of Directors may select.

Section 4: Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any specific purpose of the Corporation.

Section 5: Accounting Records. The Board of Directors shall be responsible for appointing an officer or agent to keep a record of all receipts and expenditures, and an account for each Unit, setting forth any shares of common expenses or limited common expenses or other charges due, the due dates thereof, the present balance due and any interest in common surplus or limited common surplus.

ARTICLE VIII

CERTIFICATES OF MEMBERSHIP

Section 1: Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership in the Corporation, which shall be in such form as may be determined by the Board. Such Certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary. All Certificates shall be consecutively numbered. One certificate shall be issued to each Time-Share Owner, and shall contain the names of such Owner or Owners. The name or names appearing on such Certificate and Unit designation shall be entered in the records of the Corporation.

Section 2: Issuance of Certificates. When a person or corporation has become a Member, a certificate of membership shall be delivered to such Member or Members, as directed above, by the Secretary, if the Board of Directors has provided for the issuance of certificates under the provision of Section 1 of this Article.

ARTICLE IX

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of the Corporation may be inspected by any Member, or his agent, or attorney, for any proper purpose at any reasonable time.

The Corporate records shall include a record of all receipts and expenditures and an account for each Unit, setting forth any shares of common expenses or other changes due, the due dates thereof, the present balance due and any interest in the common surplus.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE XI

ASSESSMENTS

Section 1: Assessments. The Board of Directors shall prepare annually a detailed proposed operating budget for the General Common Expenses and the Unit Common Expenses and shall further provide for the General Sinking Fund and the Unit Sinking Fund, which may be included within the said annual budgets as a separate item therein. The Board shall make such assessments at least annually against the Time-Share Owners. Any surplus at the end of the corporate year shall be returned to the Time-Share Owners in the form of a credit for the next succeeding year or in such other manner as the Board may determine and any deficiency shall be assessed against the Time-Share Owners, all in accordance with the Declaration of Condominium. All assessments, surplus and deficiencies shall be allocated among the various Time-Share Owners in direct proportion to their respective fractional ownership interest in the General Common Elements and the Unit Common Elements, respectively. In addition to the annual budget assessments, the Board shall have the power from time to time, as may be necessary, to levy special assessments to provide for deficiencies in the regular annual budgets, funds for the corporation to meet unanticipated obligations, replacement of corporate property and/or improvements, acquisition of such real and/or personal property as the Board deems necessary for protection of the condominium property or necessary for the purpose of carrying out the powers and duties of the Board, all items mentioned in the Declaration of Condominium, and for any other need which the Board deems appropriate and in the best interest of the Time-Share Owners to incur and pay. The Board shall determine the time for payment of such assessments and shall put such time in the notice to the Owners which shall not be less thirty (30) days from the date such assessment was adopted by resolution of the Board. Anything to the contrary notwithstanding, these Bylaws concerning assessments shall not conflict with the Declaration of Condominium and any conflict shall be resolved in favor of the Declaration of Condominium.

Section 2: Default. When any Member shall be in default of the assessments levied pursuant to Section 1 of this Article or shall be in default under any other obligation owed to the Association by virtue of the Declaration of Condominium, Articles of Incorporation, or these Bylaws such Member shall be subject to liability for collection of the same, together with all costs of collection including a reasonable attorney's fee, and court and appellate costs, and any sums in default shall bear interest at the highest rate permitted by law. In the event of foreclosures being instituted to enforce collection of defaulted assessments the Association is authorized to apply to the court for an order requiring payment of a reasonable rental by the Unit Owner for use of the Condominium parcel being so foreclosed and appointment of a receiver to collect the same.

ARTICLE XII

AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Owners of a majority of the voting rights at a regular Annual Meeting, or a special meeting called for that purpose.

ARTICLE XIII

INDEMNIFICATION

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil or criminal, administrative or investigative (whether or not by or in the right of the Corporation), by reason of the fact that he is or was a Director or Officer of the Corporation, against any and all expenses (including attorney's fees, court costs and appellate costs and fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding, except for an Officer or Director who is adjudged guilty of willful misfeasance or willful malfeasance in the performance of his duties. Such right of indemnification shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs and personal representatives of such person. Provided, however, that if any past or present Officer or Director sues the Corporation, other than to enforce this indemnification, such past or present Director or Officer instituting such suit shall not have the right of indemnification hereunder in connection with such suit. The Corporation is authorized to purchase insurance to provide funds for the indemnification hereinabove set forth, and, if such insurance is purchased but the proceeds of the same are not sufficient to cover the cost of indemnification, then the deficiency shall be paid from Corporate funds. If there are not funds available to pay the cost of the indemnification or deficiency resulting from insufficient insurance coverage, then the Board of Directors shall access the membership to cover the costs. This indemnification is an absolute right, and such assessments shall be made notwithstanding any other provisions contained herein to the contrary.

The foregoing was adopted as Bylaws of the PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION, a corporation not for profit under the laws of the State of Alabama at the first meeting of the Board of Directors on the 3 day of April, 1984.

SECRETARY

APPROVED BY:

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