STATE OF ALABAMA,
BALDWIN COUNTY
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Book 51
Page 118-161 Judge of Probate
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STATE OF ALABAMA

BALDWIN COUNTY

CONDOMINIUM DECLARATION FOR

PARADISE ISLE RESORT CONDOMINIUM

The undersigned, PARADISE ISLE, INC., an Alabama corporation, hereinafter called "Declarant," is the owner of the real property described in Exhibit A to this Condominium Declaration. The name of such condominium shall be PARADISE ISLE RESORT CONDOMINIUM. Declarant hereby submits said real property to the provisions of and establishes this plan, pursuant to Code of Alabama 1975, As Amended, §§35-8-1, et seq. (Condominium Ownership Act) for the ownership in fee simple of Condominium Real Property Estates hereinafter described, consisting of an area or space contained within each of the air space units located within the improvements constructed on said real property and the co-ownership by the individual and separate owners of such air space units, as co-tenants of all of the remaining property, which commonly owned property is hereafter defined and referenced as General Common Elements, with respect to the real estate and improvements thereon described in Exhibit A to this Condominium Declaration.

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Declarant hereby publishes and declares the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations and obligations to run with the land described in Exhibit A and the improvements thereon, to burden and benefit Declarant, its successors, representatives and assigns, as well as any person or other entity acquiring or owning an interest in such real property and improvements, the grantees, successors, heirs, personal representatives, devisees and/or assigns of such person or other entity.

1. DEFINITIONS

Unless the context shall expressly provide otherwise the following terms shall have the following meanings:

a. "Association of Unit Owners" or "Association" means the Association formed as an Alabama non-profit corporation bearing the name PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION or such other name as may be lawfully adopted by such Association, the Articles of Incorporation and Bylaws of which shall govern the administration of this condominium property, the members of which Association shall be all of the Owners of PARADISE ISLE RESORT CONDOMINIUM.

b. "Building" means the fourteen (14) buildings containing Condominium Units on the Exhibit A property as shown on the Map.

c. "Common Expenses" means and includes: (i) expenses and/or projected expenses of administration, operation and management, repair or replacement of the Common Elements, (ii) expenses declared Common Expenses by the provisions of this Declaration or By-Laws of the Association; (iii) all sums lawfully assessed against the General Common Elements by the Board of the Association; (iv) expenses agreed upon as Common Expenses by the Association of Unit Owners; and (v) expenses as are provided in any Management Agreement.

d. "Common Furnishings" means the personal property in a Unit, including the furniture, tableware, cooking utensils, appliances, decorative items, and bedding, at the time of the acquisition of an interest in a Unit by a Time-Share Owner and acquisition of an interest in a Unit by a Time-Share Owner and as thereafter augmented from time to time.

e. "Condominium Project" or "Project" means that land described on Exhibit A hereto and the improvements thereon submitted to condominium ownership by this Declaration.

f. "Condominium Unit," "Residential Unit" or "Condominium" means the fee simple interest and title in and to a Unit together with the undivided interest in the General Common Elements designated on Exhibit B hereto and designated on the Condominium Map for PARADISE ISLE RESORT CONDOMINIUM.

g. "Declarant" means and includes the undersigned and such successor or successors to the role of developer of the Condominium Project as may be designated by written notice duly recorded and mailed to the Association. The status of "Declarant" is intended to facilitate start-up of the Project for the benefit of all Owners and their mortgagees. Such status shall terminate upon sale of all Condominium Units except insofar as the provisions of this Declaration relative to correction of documents is concerned.

h. "Declaration" or "this Declaration" means this Condominium Declaration, amendments and supplements thereto, if any. Further supplements to this Declaration shall bear appropriate numerical designation successive to this Declaration.

i. "General Common Elements" or "Common Elements" means and includes the real property hereby submitted to condominium ownership (Exhibit A), as provided hereinafter and the improvements thereupon EXCEPT the Units and shall include the following: the foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, entrances, and exits of such building; storage spaces; the premises for the lodging of custodians or persons in charge of the property; installations of central services such as power, light, gas, hot and cold water, heating, refrigeration, central air conditioning, and incinerating; tanks, pumps, motors, fans, compressors, ducts, and in general all apparatus and installations existing for common use, such community and commercial facilities as may be provided for in the declaration; and all other parts of the property necessary or convenient to its existence, maintenance, and safety or normally in common use, shall be owned as General Common Elements by all of the Owners of the separate Units, each Owner of a Unit having such undivided interest in and to such General Common Elements as is provided on Exhibit B to this Declaration.

j. "Maintenance Period" means that period of time for which no occupancy period has been established or created. Said maintenance period is owned by the Time-Share Owners and shall be used for repair, renovation and upkeep for the Unit or as the Time-Share Owners of such Unit shall from time to time determine. The Maintenance Period is the seven day period of time which commences on the 49th Saturday of each year.

k. "Map," "Condominium Map" or "Supplemental Map" means and includes the engineering survey of the Exhibit A land depicting and locating with specificity thereon the improvements, the perimeter and elevation plans of the Building and the Units and any other drawing or diagrammatic plan depicting a part of or all of the land and improvements thereon submitted to this condominium project. Such Map(s) shall be recorded in the Office of the Judge of Probate, Baldwin County, Alabama.

l. "Occupancy Expenses" means costs and expenses incurred in connection with the use and occupancy of a unit by a Time-Share Owner, his guests, members of his family or other invitees, including, but not limited to, the following expenses: (i) Expenses as set forth in this Condominium Declaration, Articles of Incorporation, Bylaws and rules and regulations of PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION; (ii) all costs of long distance telephone charges; (iii) all costs of the repair or replacement of furniture and furnishings damaged during the occupancy of Principal as a result of either intentional conduct or negligent conduct on the part of the Principal, his tenants, members of his family, guests or invitees; (iv) all costs of the repair or replacement of any damages to the premises, the General Common

Elements or the Project Common Open Space during the occupancy of the Principal as a result of either intentional conduct or negligent conduct on the part of the Principal, his tenants, members of his family, guests, or invitees; (v) all costs of cleaning charged by the Managing Agent, if any, or the Board of Directors of the Association.

m. "Owner" means a person, persons, firm, corporation, partnership, association, or other legal entity, or any combination thereof, owning an interest in one or more Time-Share Estates.

n. "Period of Occupancy" or "Occupancy Period" means a seven (7) day period of time in each year during which a Time-Share Owner shall be entitled to the exclusive possession and occupancy of a particular unit. Each Period of Occupancy shall commence at 4:00 p.m. on a particular Saturday and shall terminate at 10:00 a.m. on the next following Saturday. Notwithstanding anything to the contrary herein contained, the Period of Occupancy which commences on the fifty-second (52nd) Saturday annually, shall terminate at 10:00 a.m. on the first Saturday of the following year.

o. "Sinking Fund" or "General Sinking Fund" means and includes the separate periodic (at least annual) assessment and account created to establish sufficient reserves for estimated capital improvements and repairs to the General Common Elements.

p. "Time-Share Estate" means (i) an undivided interest in a present estate in fee simple in a unit, the magnitude of the interest being set forth in Exhibit B to this Declaration, (ii) an exclusive right to possession and occupancy of the unit during an annually recurring period of time as set forth in Exhibit C to this Declaration and (iii) an undivided interest in and to the General Common Elements as set forth in Exhibit B.

q. "Time-Share Owner" means an Owner who in conjunction with other Owners owns an undivided fee simple interest, as a tenant in common, in and to a Condominium Unit and Common Furnishings together with the exclusive right to possession and occupancy of said unit during an annually recurring period of time such ownership and occupancy right being designated by a unit number followed by a dash and a number, followed by the words, "PARADISE ISLE RESORT CONDOMINIUM" followed by a reference to this Declaration and Condominium Map.

r. "Unit" means one individual air space contained within perimeter walls, floors, ceilings, windows and doors as depicted on the Condominium Map for the PARADISE ISLE RESORT CONDOMINIUM to be filed for record, together with all fixtures and improvements therein contained but not including any of the structural components of the buildings, if any, located within the unit.

s. "Unit Common Expenses" or "Unit Expenses" means and includes (i) expenses and/or projected expenses of administration, operation, and management, repair, replacement, or maintenance of the Unit and the Common Furnishings and Fixtures, (ii) Costs of utilities supplied to the Unit, (iii) real estate and other taxes levied by governmental or quasi-governmental authorities against the Unit and/or the Common Furnishings, (iv) Unit Expenses properly levied by the Association, (v) Amounts necessary to establish proper reserves for the foregoing items, including Unit Sinking Fund.

t. "Unit Owners' Agent" or "Unit Agent" means that person appointed by the majority in interest of the Time-Share Owners of a Condominium Unit to represent the owners at Time-Share Owners meetings and for the other purposes as are set forth hereinafter.

u. "Unit Sinking Fund" means and includes the separate periodic (at least annual) assessment and account created and maintained to establish sufficient reserves for estimated capital improvements and repairs to the Unit and the personal property located therein.

2. DIVISION OF PROPERTY INTO TIME-SHARE ESTATES

The real property described in Exhibit A, and the improvements thereon are hereby divided into fee simple Time-Share estates. Each such estate shall consist of an undivided interest in a separately designated Unit together with an undivided interest in and to the General Common Elements, and shall carry with it the exclusive right to possession and occupancy of the said Unit during an annually recurring period of time. Such undivided interest in and to the separately designated unit and General Common Elements are set forth in Exhibit B attached hereto and made a part hereof, and such annual recurring period of time for exclusive possession and occupancy is set forth in Exhibit C, attached hereto and made a part hereof.

3. LIMITED COMMON ELEMENTS

There are no limited common elements.

4. CONDOMINIUM MAP

The Map shall be filed for record in the Office of the Judge of Probate, Baldwin County, Alabama prior to the conveyance of the Condominium Units shown thereon and such Map shall depict at least the following: the legal description of the land and a survey thereof; the location of the building with relation to the land boundaries; the floor and sea level elevation plans; the location of each Unit within the building; the location of any building structural components or supporting elements located within a Unit and the Unit identifying designations as set forth on Exhibit B hereto. Such Map shall contain the certificate of a registered land surveyor or licensed architect (certifying that the Map accurately depicts the location and the horizontal and vertical measurements of the Units, the Unit

Unit designations, building symbols (if any), the elevations of the floors and ceilings, and that such Map was prepared subsequent to substantial completion of the depicted improvements). In interpreting the Map, the existing physical boundaries of each separate Unit as constructed shall be conclusively presumed to be its boundaries. Declarant reserves the right to amend the Map, from time to time, to conform the same according to the actual location of any of the constructed improvements and to establish, vacate and relocate easements, access road and driveway easements and on-site parking areas.

5. DESCRIPTION OF CONDOMINIUM UNIT

a. In the case of a Time-Share Owner, subsequent to this Declaration and Map being filed for record, every contract, deed or other legal instrument may legally describe a condominium unit by its identifying Unit designation, followed by a dash and a number followed by PARADISE ISLE RESORT CONDOMINIUM, with further reference to the Map, Declaration, and Supplements, if any, filed for record.

c. The foregoing description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the Unit, but also the share in General Common Elements appurtenant thereto, together with the annually recurring period of time for exclusive possession and occupancy as set forth on Exhibit C. Each such description shall be construed to include perpetual non-exclusive easement for ingress to and egress from such Unit on, over and across the General Common Elements, and the non-exclusive right in common with all other Owners to use of sidewalks, pathways, driveways and other facilities and improvements intended for common use.

d. The reference to the Map and Declaration in any instrument shall be deemed to include any Amendment or Supplement thereto without specific reference thereto.

6. FORM OF OWNERSHIP -- TITLE

A Time-Share Estate may be held and owned in any real property tenancy relationship recognized under the laws of the State of Alabama.

7. INSEPARABILITY OF A TIME-SHARE ESTATE

Each Time-Share Estate shall be inseparable and may be conveyed, leased, divided or encumbered only as a Time-Share Estate.

8. SEPARATE ASSESSMENT AND TAXATION OF CONDOMINIUM UNITS -- NOTICE TO ASSESSOR

Declarant shall give written notice to the Assessor of the County of Baldwin of the creation of condominium real property ownership interests in the real property described on Exhibit A so that each Unit together with its appurtenant undivided interest in the General Common Elements shall be deemed a separate taxation parcel, subject to separate assessment and ad valorem taxation.

9. NO PARTITION

No Owner shall bring any action for partition or division either of a Condominium Unit, any portion of the General Common Elements or of a Unit from its appurtenant interests in the General Common Elements or of a Time-Share Estate.

10. EASEMENTS FOR ENCROACHMENTS

If any portion of the General Common Elements encroaches upon a Unit or Units, or if any portion of a Unit encroaches upon the General Common Elements or upon an adjoining Unit or Units, a valid easement for such encroachment and for maintenance of the same so long as it continues, shall and does exist. Such encroachments and easements shall not be considered or determined to be encumbrances either on the General Common Elements or on the Units affecting marketability of title or otherwise.

11. TERMINATION OF MECHANIC'S LIEN RIGHTS -- INDEMNIFICATION

No labor performed or materials furnished and incorporated into a Unit with the consent or at the request of the Time-Share Owner of such Unit, his agent, his contractor or subcontractor shall be the basis for filing of a lien against the General Common Elements or against a Unit or any other Time-Share Owner who did not expressly consent to or request the services or materials. Each Time-Share Owner shall indemnify and hold harmless each of the other Time-Share Owners from and against all liability arising from the claim of any lien against the Time-Share Estate of another or against the General Common Elements for construction performed or for labor, materials, services or other products incorporated in a Unit upon the consent or request of such Time-Share Owner. These provisions are subject to the rights of the owners acting through the Association, as set forth in paragraph 15 of this Declaration.

12. PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION

a. The administration of the Building shall be governed and administered by PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION in accordance with its Articles of Incorporation and Bylaws, as amended from time to time.

b. A Time-Share Owner shall be a member of the Association and shall remain a member for the period of his ownership. The votes of Time-Share Owners of a Condominium Unit shall be cast collectively by an agent appointed by the majority in interest of such Time-Share Owners, or upon failure of such appointment, by an agent appointed by the Board of Directors of the Association.

c. The initial Board of Directors of the Association and successor Boards of Directors, may delegate by written Management Agreement the operation, administration, repair and maintenance of the Condominium Units to a Managing Agent. Such Management Agreement shall not have as its subject or include any rental functions with regard to the Condominium Units. Such contract shall provide that the employment of the Managing Agent may be terminated for just cause and that such employment shall not exceed five (5) years under the terms of said contract.

13. VOTING RIGHTS, COMMON EXPENSES AND COMMON SURPLUS

a. The voting rights of each Time-Share Owner with respect to matters arising out of ownership of the Common Elements shall correspond approximately with each Time-Share Owner's undivided interest in the Common Elements as more particularly set out on attached Exhibit B and defined in the bylaws of the Association.

b. The proportion of Common Expenses to be shared by each Time-Share Owner shall correspond approximately to each Time-Share Owner's undivided interest in the Common Elements as more particularly set out on attached Exhibit B.

c. The proportion of Common Surplus to be shared by each Time-Share Unit Owner shall correspond approximately to each Time-Share Owner's undivided interest in the Common Elements as more particularly set out on attached Exhibit B.

d. There are no Limited Common Elements and there will be no Limited Common Expenses or Surplus.

14. CERTIFICATE OF IDENTITY OF MANAGEMENT BODY

There shall be provided to the Owners from time to time a Certificate of the identities and the addresses of the persons then comprising the management body (Directors and Officers) of the Association together with the name and address of the Managing Agent, if any. Such Certificate shall be conclusive evidence thereof in favor of any person relying thereupon in good faith.

15. ACCESS TO UNITS FOR MAINTENANCE, REPAIR AND EMERGENCIES

a. The Owners shall have the irrevocable right, to be exercised by the Managing Agent (if any), Board of Directors of the Association or the designated representative(s) of such Board, to have access to each Unit from time to time during reasonable hours, as may be necessary for the maintenance, repair or replacement of any components of the General Common Elements within a Unit or accessible therefrom; provided, however, that such right of access shall be immediate for making emergency repairs in order to prevent damage to Common Elements or to another Unit.

b. Damage to any part of a Unit resulting from the maintenance, repair, emergency repair or replacement of any of the General Common Elements or as a result of emergency repairs within another Unit shall be a Common Expense; provided, however, that if such damage is caused by negligent or tortious acts of an Owner, members of his family, his agent, employee, invitee, licensee or tenant, then such Owner shall be responsible and liable for all of such damage. All damaged improvements shall be restored to substantially the same condition in which they existed prior to the damage. All maintenance, repairs and replacements of the General Common Elements, whether located inside or outside of Units (unless necessitated by the negligence, misuse or tortious act of an Owner, in which case such expense shall be charged and assessed to such Owner), shall be the Common Expense.

16. OWNER'S MAINTENANCE RESPONSIBILITY

a. An Owner shall make no improvements, decorations or repairs to his Unit or the Common Furnishings or contract so to do, or subject the Unit or the Common Furnishings to any liens, for making such improvements, decorations or repairs.

b. In the event that any portion of a Unit shall require any maintenance, repair or replacement, such maintenance, repair or replacement shall be accomplished by the Board of Directors of the Association or its designated Managing Agent and the cost thereof shall be borne by the Time-Share Owners of such Unit in the same proportion as their ownership interest is in such Unit as set forth in Exhibit B.

c. In the event of any damage, destruction, or obsolescence to the Common Furnishings or the need to repair or replace them, the Board of Directors, or its designated agent, shall forthwith cause the Common Furnishings to be repaired or replaced applying any insurance proceeds toward the cost thereof. If the cost of such repair or replacement exceeds the amount held in the Unit Sinking Fund and/or the insurance held in the Unit Sinking Fund and/or the insurance proceeds, the Association shall assess each Time-Share Owner his proportionate share of the additional amount as a Unit Common Expense, as set forth in Exhibit B; provided however, if the damage or destruction is caused by the intentional or negligent act or omission of any Time-Share Owner, his family, guests, invitees or of any Time-Share Owner, his family, guests, invitees or lessees, the cost of such repair or replacement shall be born solely by such Time-Share

Owner and the Association shall assess such amount to such Time-Share Owner.

17. MAINTENANCE OF COMMON ELEMENTS AND ADDITIONS

a. The maintenance and operation of the Common Elements shall be the responsibility and the expense of the Association and a Common Expense of all of the Owners.

b. There shall be no additions, alterations or betterments of or to the General Common Elements by the Association requiring a special assessment in excess of one thousand dollars (increased by 5% per year hereafter) per Unit in any one calendar year without prior approval by a vote of the Unit Owners' Agents representing the Owners of 75 percent interest in and to the General Common Elements at a special or regular meeting of Association members. Such expenditure limitations shall not apply to replacement, repair or maintenance of any General Common Element or common personal property owned by the Association.

18. COMPLIANCE WITH PROVISIONS OF DECLARATION MANDATORY

Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association and the rules, regulations, decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully adopted and amended from time to time. Failure to comply with any of the same excluding failure to pay any assessments, shall up to thirty (30) days after written notice of default and failure to cure such default within the said thirty (30) days be grounds for an action and/or such other means to recover sums due for damages or for injunctive relief, or both, and for reimbursement of all attorney's fees incurred in connection therewith, which action or other means may be maintained or employed by the Board of Directors or by the Managing Agent or such other agent as may be designated, in the name of the Association on behalf of the Owners or, in a proper case, by an aggrieved Owner. If an Owner fails to cure said default within thirty (30) days, written notice of said failure may be given to the holder of the first mortgage secured by the Owner's Time-Share Estate.

19. REVOCATION, AMENDMENT

Except as otherwise herein provided, this Declaration shall not be revoked unless all Owners and all first mortgagees of record as to Time-Share Estates consent and agree to such revocation by instrument(s) duly recorded. This Declaration may be amended by seventy-five percent (75%) or more of the Unit Owner's Agents consenting and agreeing to such amendment by written instruments duly recorded; provided, however, that the undivided interests in and to the General Common Elements appurtenant to each Unit and to the provisions of this Declaration governing the sharing of Common Expenses shall have a permanent character and shall not be altered without the consent of all of the Owners and their first mortgagees of record as expressed in written Amendment(s) or Supplement(s) to this Declaration duly recorded. Further provided, the Declarant may amend this Declaration at any time to correct mistakes or to bring this Declaration into compliance with the Condominium Ownership Act as amended from time to time.

20. ASSESSMENT FOR COMMON EXPENSES

a. All owners shall be obligated to pay the assessments imposed by the Board of Directors or Managing Agent to meet the estimated Common Expenses and Sinking Fund. Except where the Board of Directors and one hundred percent (100%) of the Unit Owners' Agents decide that some other means of allocation is more equitable, Common

Expenses and Sinking Fund shall be shared by the Owners of Condominium Units according to the percentage interests set forth on Exhibit B to this Declaration. Assessments for the estimated Common Expenses and Sinking Fund shall be due annually or more frequently as may be determined by the Board of Directors.

b. In the event that ownership of a Condominium Unit, title to which is derived from Declarant, commences on a day other than the first day of an assessment period, the Declarant may pay the actual cost as provided in Paragraph 33 hereof until the commencement of the next following assessment period or the same may be prorated.

c. Assessments shall be based upon cash requirements, deemed to be such aggregate sum as the Managing Agent, or the Board of Directors of the Association shall, from time to time, determine is to be paid by all of the Owners, including Declarant, to provide for the payment of all estimated expenses arising out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the General Common Elements, which sum may include, but shall not be limited to: expenses of management, real estate taxes and special assessments; premiums for insurance, landscaping and care of grounds, common lighting and heating, repairs and renovations; trash and garbage collections, wages, common water and sewer charges, legal and accounting fees; management fees; expenses and liabilities incurred by the Managing Agent or Board of Directors on behalf of the Owners under or by reason of this Declaration and the Articles of Incorporation and Bylaws of the Association; for any deficit remaining from a previous period; for the creation of a reasonable contingency fund, reserves and working capital as well as other costs and expenses relating to the Common Elements.

d. The Board of Directors shall establish a separate account created and established as a Sinking Fund in sufficient amount to meet estimated costs for capital improvements and repairs to the General

Common Elements. The Sinking Fund Account may be deposited in an interest bearing account at any federally insured financial institution.

e. The omission or failure to fix a current assessment or give notice thereof for any period shall not be deemed a waiver, modification or a release of the Owner's obligation to pay the prior established assessments as the same shall fall due hereunder.

21. ASSESSMENT FOR UNIT COMMON EXPENSES

a. All Time-Share Owners of a Unit shall be obligated to pay the assessments imposed by the Board of Directors or Managing Agent to meet the estimated Unit Common Expenses and Unit Sinking Fund. Except where the Board of Directors and one hundred percent (100%) of the Time-Share Owners of a Unit decide that some other means of allocating is more equitable, Unit Common Expenses and Unit Sinking Fund shall be shared by the Time-Share Owners of such Unit according to the percentage interests set forth on Exhibit B to this Declaration. Assessments for the estimated Unit Common Expenses and Unit Sinking Fund shall be due in advance annually or more frequently as may be determined by the Board of Directors.

b. In the event that ownership of a Unit, title to which is derived from Declarant, commences on a day other than the first day of the Unit assessment period, the Declarant may pay the actual cost as provided in Paragraph 33 hereof until the commencement of the next succeeding assessment period or the same may be prorated.

c. Unit assessments shall be based upon cash requirements, deemed to be such aggregate sum as the Managing Agent or the Board of Directors of the Association shall, from time to time, determine is to be paid by the Time-Share Owners to provide for the payment of all estimated expenses arising out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the Unit which sum may include but shall not be limited to: expenses of management, and special assessments; premiums for contents insurance; common telephone, lighting and heating; repairs and renovations; wages, common water and sewer charges; legal and accounting fees; management fees; expenses and liabilities incurred by the Managing Agent or Board of Directors on behalf of the Time-Share Owners of a Unit under or by reason of this Declaration and the Articles of Incorporation and Bylaws of the Association; for any deficit remaining from a previous period; for the creation of a reasonable contingency fund, reserves and working capital as well as other costs and expenses relating to the Unit.

d. The Board of Directors shall establish a separate account created and established as a Unit Sinking Fund in sufficient amount to meet estimated costs for capital improvements and repairs to the Unit. The Unit Sinking Fund account may be comingled and deposited in an interest bearing account in any federally insured financial institution.

e. The omission or failure to fix a current Unit assessment or to give notice thereof for any period shall not be deemed a waiver, modification or a release of the Owner's obligation to pay the prior established assessment as the same shall fall due.

22. INSURANCE

a. The Board of Directors or Managing Agent shall obtain and maintain, to the extent available, flood insurance and fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring all condominium improvements and any other property, the nature of which is a General Common Element including all of the Units and fixtures therein initially installed by Declarant but not including furniture, furnishings or other personal property supplied by or installed by Unit Owners together with service equipment or other property owned by the Association, in an amount equal to full replacement value without deduction for depreciation. All policies of insurance pursuant to the foregoing shall contain, if practicable, a standard non-contributory mortgage clause in favor of each mortgagee of a Time-Share Estate, providing that the loss, if any, thereunder shall be payable to such mortgagee in accordance with its interest, subject however, to the loss payment provisions in favor of the Board of Directors hereinafter set forth in Paragraph 26. The Board of Directors or Managing Agent shall obtain and maintain, to the extent available, Directors and Officers liability insurance and other public liability insurance in such limits as the Board of Directors may from time to time determine to be appropriate, covering each member of the Board, the managing Agent and each Owner and such additional coverage as the Board of Directors may from time to time determine is appropriate. Such public liability coverage shall also cover cross liability claims of one insured against another.

b. Such policies of liability insurance shall contain waiver of subrogation and waivers of any defense based on co-insurance, or of invalidity arising from any acts of the insured and shall provide that such policies may neither be cancelled nor substantially modified without a minimum of ten (10) days' prior written notice to all of these insured, including mortgagees. Duplicate originals of all policies and renewals thereof together with proof of premium payments shall be delivered to all mortgagees at least ten (10) days prior to expiration of then-current policies, if requested. The insurance shall be carried in blanket form naming as the insured party, the Association as attorney-in-fact for all of the Owners, as each Owner's interest shall appear.

c. Prior to obtaining any policy of fire insurance or renewal thereof, the Board of Directors shall obtain, if practicable, an appraisal from one or more fire insurance companies or other reliable source of the full replacement value of all improvements (without deduction for depreciation) for the purpose of determining the amount of the insurance coverage to be kept in effect pursuant to the provisions of this insurance paragraph. In no event shall the insurance policy contain a co-insurance clause for less than ninety percent (90%) of the full replacement cost. Determination of maximum replacement value shall be made annually and each mortgagee shall be furnished with a copy thereof upon request.

d. The Board of Directors shall obtain and maintain such insurance for Units, Common Furniture and Furnishings where there are Time-Share Owners and assess the costs thereof as a Unit Common Expense.

23. OWNER'S PERSONAL OBLIGATION FOR PAYMENT OF ASSESSMENTS

The amount of the Common Expenses and Unit Common Expenses assessed by the Board of Directors shall be the personal and individual debt of the Owner thereof. No Owner may exempt himself from liability for his contribution toward the Common Expenses and Unit Common Expenses by waiver of the use or enjoyment of any of the Common Elements or Unit or by abandonment. Both the Board of Directors and the Managing Agent (if any) shall have the responsibility for taking prompt action to collect any assessment which remains unpaid for more than ten (10) days from the date payment thereof is due. In the event of default in the payment of either or both assessments, the Owner shall be obligated to pay interest at the rate of eighteen percent (18%) per annum on the amount of the assessment from due date thereof, together with all expenses, including attorney's fees, incurred by the Association together with such late charges as may be provided by the Bylaws of the Association. Suit to recover a money judgment for unpaid Common Expenses and/or Unit Common Expenses may be maintained without foreclosing the lien for such unpaid Common Expenses provided in Paragraph 24 below, and shall not be construed to be a waiver of any lien. Written notice of failure to pay assessments may be made to the holder of a first mortgage secured by an Owner's interest if delinquent more than thirty (30) days.

24. LIEN FOR COMMON EXPENSES AND UNIT COMMON EXPENSES -- FIRST MORTGAGEES PROTECTED

a. All sums assessed but unpaid for the share of Common Expenses chargeable to any Condominium Unit shall constitute a lien on each delinquent Owner's Time-Share Estate superior to all other liens and encumbrances, except only for real estate taxes and valid and accrued special assessment liens on Condominium Unit in favor of any assessing Unit, and except all sums unpaid on a first mortgage of record, and further except all sums unpaid under any Installment Sales Contract by and between a Time-Share Owner and Declarant or Declarant's successors or assigns, including all unpaid obligatory sums thereunder as may be provided by the terms of such encumbrance or Contract. To evidence such lien, the Board of Directors or the Managing Agent may prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness, the amount of the accrued interest and late charges, the name of the Owner(s) of the Time-Share Estate and a description of the Time-Share Estate. Such notice of lien shall be signed by one of the Board of Directors or by one of the officers of the Association or by the Managing Agent on behalf of the Association. The Association shall not be required to notify an Owner of such lien but such notice may be mailed, postage prepaid, to the Owner at his registered address or personally delivered to the Owner and may be recorded in the Office of the Judge of Probate of Baldwin County, Alabama. Such lien shall attach and be effective from the due date of the assessment until all sums, including attorneys' fees, interest, and other charges thereon, have been fully paid.

b. All sums assessed but unpaid for the share of Unit Common Expenses shall constitute a lien on each delinquent Owner's Time-Share Estate superior to all other liens and encumbrances, except only for real estate taxes and valid and accrued special assessment liens on such Condominium Unit in favor of any assessing Unit, and except all sums unpaid on a first mortgage of record, and further except all sums unpaid under any Installment Sales Contract by and between a Time-Share Owner and Declarant or Declarant's successors or assigns including all unpaid obligatory sums thereunder as may be provided by the terms of such encumbrance or Contract. To evidence such lien, the Board of Directors or the Managing Agent may prepare a written notice of lien assessment setting forth the amount of such unpaid indebtedness; the amount of the accrued interest and late charges, the name of the Time-Share Owner of the Condominium Unit and a description of the Time-Share Estate. Such notice of lien shall be signed by one of the Board of Directors or by one of the officers of the Association or by the Managing Agent on behalf of the Association. Such notice may be mailed, postage prepaid, to the Owner at his registered address or personally delivered to the Owner and may be recorded in the Office of the Judge of Probate of Baldwin County, Alabama. Such lien shall attach and be effective from the due date of the assessment until all sums, including attorney's fees, interest and other charges thereon, have been fully paid.

c. Either such lien may be enforced by foreclosure thereof against the defaulting Owner's Time-Share Estate by the Association in like manner as a mortgage or mechanic's or materialman's lien on real property under the recording of the above-indicated notice of claim thereof. In any such proceedings, the Owner in default shall be required to pay the costs. expenses and reasonable attorney's fees of not less than $100.00 incurred for filing each lien, and in the event of foreclosure proceedings, all additional costs, all expenses and reasonable attorney's fees of not less than $750.00 incurred for foreclosure proceedings for each lien through Court. The Owner of the interest being foreclosed on shall be required to pay the Association the Common Assessment and Unit Assessment during the period of foreclosure, and the Association shall be entitled to a receiver during such foreclosure, and may further deny access or possession of such

Condominium Unit to said Owner. The Association shall have the power to bid on the interest of the defaulting Owner at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same, during the foreclosure proceedings and subsequent thereto. In the event that the Association shall become a record owner of such Owner's interest by virtue of such foreclosure, the conveyance of said interest from the Association to a third party shall be made by quit claim deed executed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association.

d. Any mortgagee holding a lien on a Time-Share Estate may pay, but shall not be required to pay, any unpaid Common Expenses and Unit Common Expenses with respect to such Unit. Upon such payment, such mortgagee shall have a lien on such Time-Share Estate for the amount paid of the same rank as the lien of his mortgage or other encumbrance without the necessity of having to record a notice or claim of such lien. Upon written request of a mortgagee, the Association shall report to the mortgagee of a Time-Share Estate any unpaid assessment remaining unpaid for longer than thirty (30) days after the same is due; provided, however, that a mortgagee shall have furnished to the Managing Agent or to the Board of Directors notice of its encumbrance.

e. The recorded lien may be released by recording a Release of Lien executed by an officer of the Association or by the Managing Agent on behalf of the Association.

25. STATEMENT OF UNPAID COMMON EXPENSES AND UNPAID UNIT COMMON EXPENSES

a. Upon written request for a statement of account by an Owner or his agent, mortgagee, prospective mortgagee or prospective purchaser of a Time-Share Estate, the Association or the Managing

Agent shall furnish a written statement of the amount of: Any unpaid Common Expenses and Unit Common Expenses; the amount of the current Common Assessment, and Unit Assessments, if any; the dates that each assessments are due; the amounts of any advance payments made and such other and further information as the Board of Directors shall, in its sole and absolute discretion determine to be necessary or advisable. Said statement shall be conclusive upon the Association in favor of persons who rely thereupon in good faith. Unless such request shall be answered within fifteen (15) days after receipt of such written request, all unpaid Common Expenses or Unit Common Expenses which become due prior to the date of such request shall be subordinate to the rights of the person requesting such statement. A service fee not in excess of $50.00 may be charged by the Association for furnishing such statement of account unless the Board of Directors of the Association shall set a higher fee. All first mortgagees of record, their agents, or their assigns shall have the right to inspect the books and records of the Association on the same terms as are granted a shareholder under the Alabama Corporation Code.

b. The provisions set forth in this paragraph shall not apply to initial sales and conveyances of Time-Share Estates by Declarant, and such sales shall be free from all Common Expenses and Unit Common Expenses to the date of conveyance made or to a date agreed upon by Declarant and Declarant's grantee.

26. PRIORITY OF LIEN FOR COMMON EXPENSES AND UNIT COMMON EXPENSES -- ONLY FIRST MORTGAGEES PROTECTED

The Owner of a Time-Share Estate may create junior mortgages (junior to the lien of the mortgage or other encumbrance of the first mortgagee), liens or encumbrances on his Time-Share Estate, provided however, that any such junior mortgages, liens or encumbrances shall always be subordinate to the continuing lien of the Association for

Common Expenses and Unit Expenses and to all of the terms, conditions, covenants, restrictions, uses, limitations and obligations under this Declaration, Association Articles of Incorporation and Bylaws, as, from time to time, amended, and provided further, that such junior encumbrances shall release, for purposes of restoration of any improvements upon the encumbered Time-Share Estate, any and all right, title or interest in and to proceeds of all insurance policies carried upon said premises by the Association. Such release shall be furnished forthwith by a junior mortgagee upon written request by the Association and, if such request is not promptly granted, such release may be executed by the Association as attorney-in-fact for such junior mortgagee. Junior encumbrances may exist against a Time-Share Estate only in compliance with the terms of this Declaration.

27. DESTRUCTION, DAMAGE OR OBSOLESCENCE -- ASSOCIATION AS ATTORNEY-IN-FACT

This Declaration does hereby make mandatory the irrevocable appointment of the Association as attorney-in-fact to deal with the property upon its destruction, damage or obsolescence, for its repair, reconstruction and/or renovation, and to maintain, repair and improve the Condominium Units, Building and General Common Elements. Title to any Time-Share Estate is declared and expressly made subject to the terms and conditions hereof, and acceptance by the grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the Association as attorney-in-fact as herein provided.

All of the Owners irrevocably constitute and appoint the Association to be their true and lawful attorney in their name, place and stead for the purpose of dealing with the property upon its damage, destruction or obsolescence as is hereinafter provided. As attorney-in-fact, the Association, by its President and Secretary or

Assistant Secretary or its other duly authorized officers or agents, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or other instrument with respect to the interest of an Owner which are necessary and appropriate to exercise the powers herein granted.

Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same condition in which they existed prior to the damage, with each Unit and the General Common Elements having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration, reconstruction or replacement unless eighty percent (80%) of the Owners and all first mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

a. <u>Destruction -- Repair Using Insurance Proceeds.</u> In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney-in-fact for all Owners, to such reconstruction and the improvements shall be promptly repaired and reconstructed. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair and restoration of the improvements. Assessments for Common Expenses and Unit Common Expenses shall not be abated during period of insurance adjustments, repair and reconstruction.

b. <u>Partial Destruction -- Under 60% -- Repair.</u> If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if the estimated cost of repairing such damage is sixty percent (60%) or less of the estimated total replacement cost of all of the Condominium Units, not including land, the Association as attorney-in-fact for the Owners, shall cause such damage or destruction to be promptly repaired and reconstructed using the proceeds of a special assessment to be made against all of the Owners. Such deficiency assessment shall be a common expense made pro rata in accordance with each Owner's interest in the General Common Elements (per Schedule B herein) and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his Time-Share Estate and may be enforced and collected as is provided in this Declaration. Assessments for Common Expenses and Unit Common Expenses shall not be abated during periods of insurance adjustment, repair and reconstruction. A delinquent Owner shall be required to pay to the Association the costs and expenses of filing a notice of lien, interest at the rate of eighteen percent (18%) per annum on the amount of the assessment and reasonable attorney's fees as is provided in this Declaration. The proceeds derived from the sale of a foreclosed Time-Share Estate shall be disbursed in the following order:

(1) For payment of the balance of the lien of any first mortgage;

(2) For payment of taxes and special assessment liens in favor of any assessing entity and customary expenses of sale;

(3) For payment of unpaid Common Expenses and all costs, expenses and fees incurred by the Association;

(4) For payment of junior liens and encumbrances in the order of and to the extent of their apparent priority; and

(5) The balance remaining, if any, shall be paid to the Condominium Unit Owner.

c. <u>Partial Destruction -- More Than 60% -- Sale</u>. If the insurance proceeds are insufficient to repair and reconstruct the damaged improvements, and if the estimated costs of repairing such damage is more than sixty percent (60%) of the estimated total replacement cost of all the Condominium Units not including land, and if the Board of Directors within one hundred (100) days after such casualty event, make provisions for repair, replacement and reconstruction, which plan must have the approval or consent of one hundred percent (100%) of the first mortgagees of record, and if such a plan is not approved, then the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire remaining premises shall be sold by the Association pursuant to the provisions of this paragraph, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, Articles of Incorporation and the Bylaws, supplements and/or amendments thereto. Assessments for Common Expenses and Unit Expenses shall not be abated during the period prior to sale. The insurance settlement proceeds shall be collected by the Association and such proceeds shall be divided by the Association according to each Owner's percentage interest in the General Common Elements. An account of such divided proceeds shall be established with each Owner's interest maintained as a separate item. The Association, as attorney-in-fact, shall forthwith use and disburse the total amount of each of such accounts, without contribution from one account to another, toward the partial or full payment of the lien of any first mortgagee against the Owner's Time-Share Estate represented by such separate account. Thereafter, each such account shall be supplemented by the apportioned amount of the proceeds obtained from the sale of the entire property. Such apportionment shall be based upon each Time-Share Estate's percentage interest in and to the General Common Elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in Subparagraph b(1) through (5) of this paragraph.

d. Partial Destruction -- More Than 60% -- Repair. In the event of such damage or destruction as is described in Subparagraph c of this paragraph, and if a plan for repair, replacement and reconstruction is adopted as therein provided, then all of the Owners shall be bound by the terms and other provisions of such plan. Any assessment made in connection with such plan shall be a Common Expense and made pro rata according to each Owner's percentage interest in and to the General Common Elements and shall be due and payable as provided by the terms of such plan, but not later than thirty (30) days after written notice thereof. The Association shall have full authority, right and power, as attorney-in-fact for the Owners, to cause the repair, replacement or restoration of improvements using all of the insurance proceeds for such purpose notwithstanding the failure of any Owner to pay the assessment. Assessments for Common Expenses and Unit Expenses shall not be abated during periods of insurance adjustment, repair and reconstruction. The assessment provided for herein shall be a debt of each Owner and a lien on his Time-Share Estate and may be enforced and collected as is provided in this Declaration. A delinquent Owner shall be required to pay to the Association the costs and expenses of filing a notice of lien, interest at the rate of eighteen percent (18%) per annum on the amount of the assessment and reasonable attorney's fees as is provided in this Declaration. The proceeds derived from the sale of a foreclosed Time-Share Estate shall be used and disbursed by the Association, as attorney-in-fact for the Owners, for the same purposes and in the same order as is provided in Subparagraph b(1) through (5) of this paragraph.

e. Obsolescence -- Renovation. The Board of Directors may agree and declare that the General Common Elements are obsolete and may adopt a plan for the renovation and reconstruction thereof. If a plan is so adopted, notice of such plan shall be recorded and the expense of renovation and reconstruction shall be payable by all of the

Owners as an assessment, whether or not they have previously consented to the plan of renovation and reconstruction. The assessment provided for herein shall be a debt of each Owner and a lien on his Time-Share Estate and may be enforced and collected as is provided in this Declaration. A delinquent Owner shall be required to pay to the Association the costs and expenses of filing a Notice of Lien, interest at the rate of eighteen percent (18%) per annum on the amount of the assessment and reasonable attorney's fees as is provided in this Declaration. The proceeds derived from the sale of a foreclosed Time-Share Estate shall be used and disbursed by the Association, as attorney-in-fact for the Owners, for the same purposes and in the same order as is provided in Subparagraph b(1) through (5) of this paragraph.

f. Obsolescence -- Sale. The Board of Directors may agree that the General Common Elements or the Condominium Units are obsolete and the same should be sold. Such plan or agreement must have the unanimous approval of every first mortgagee. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary or Assistant Secretary, the entire premises shall be sold by the Association as attorney in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map, the Articles of Incorporation and the Bylaws and any supplements and/or amendments thereto. The sale proceeds shall be apportioned among the Owners on the basis of each Owner's interest in the General Common Elements, and an account of such apportioned proceeds shall be established with each Owner's interest maintained as a separate item. From each separate account, the Association as attorney-in-fact, shall use and disburse the total amount of each of such accounts, without contribution from one account to another, for the same purposes and in the same order as is provided in Subparagraph b(1) through (5) of this paragraph.

28. REGISTRATION OF MAILING ADDRESS AND FIRST MORTGAGE HOLDER

Each Owner shall register his mailing address, telephone number, and the name and address of the holder of the first mortgage on his Time-Share Estate, if any, and any changes thereto with the Association, and notices or demands which may be served upon an Owner or Mortgagee may be sent by United States mail, postage prepaid, addressed to the Owner or Mortgagee at such registered address.

29. PERIOD OF CONDOMINIUM OWNERSHIP

The separate condominium estates created by this Declaration and by the Map shall continue until this Declaration is revoked, in the manner and as is provided in Paragraph 19 of this Declaration or until terminated in the manner and as is provided in Subparagraph c or f of Paragraph 27 of this Declaration.

30. RESTRICTIVE COVENANTS AND OBLIGATIONS

a. The Condominium Units are hereby restricted to residential use. All future structures erected upon said premises shall be of new construction. No buildings or structures shall be moved from other locations onto said premises, and no improvements other than those depicted on the Map shall be erected or constructed on the property except by affirmative vote of the Board of Directors. No structures of a temporary character, trailer, tent, shack or garage shall be used or be permitted to be kept or stored on any portion of the premises at any time either temporarily or permanently. In the event that Declarant, the Association or the Managing Agent deems one or more auxiliary structures (such as windscreens, storage sheds or buildings) to be necessary or desirable, such shall be of permanent construction and in harmony with the Building.

b. No animals, livestock or poultry of any kind shall be raised, bred or kept on the project.

c. No advertising signs (including "For Rent" or "For Sale" signs), billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the premises. The premises shall not be used in any way or for any purpose which may endanger the health or unreasonably disturb the occupants of any Condominium Unit. No business activities of any kind shall be conducted; provided, however, that the foregoing covenants shall not apply to signs identifying the project itself, common areas or other improvements.

d. No improper, offensive or unlawful use shall be permitted or made of the condominium property or any part thereof. All valid laws, ordinances and regulations of all governmental bodies having jurisdiction and all covenants shall be observed.

e. Rules and regulations may be adopted by the Board of Directors concerning and governing the use of the General Common Elements; provided, however, that such rules and regulations shall be uniform and non-discriminatory.

f. Except for those improvements erected or installed by Declarant, no exterior additions, alterations or decorating to the building, any walls, doors and other structures shall be commenced, erected or maintained without the prior approval of the Board of Directors or Managing Agent as to conformity and harmony of external design and location with existing structures on the property.

g. Each Time-Share Owner agrees that he will not occupy or possess said Condominium Unit at any other time period except that which is granted to such Owner herein.

31. ASSOCIATION MAY ACQUIRE ADDITIONAL PROPERTY

The Association may acquire and hold for the benefit of the Owners real, tangible and/or intangible property and may dispose of the same by sale or otherwise. The beneficial interest in any such property shall be owned by all of the Owners in the same proportions as their respective ownership interests in the General Common Elements and such beneficial interest therein shall be transferable only as an appurtenance of a Condominium Unit. Conveyance of a Condominium Unit shall automatically vest in the grantee ownership of the grantor's beneficial interest in all property.

32. EASEMENT FOR ACCESS TO CONDOMINIUM UNITS

Each Owner shall have access to the public way across appropriate parts of the General Common Elements and Project Common Elements.

33. GENERAL RESERVATIONS

a. Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the Articles of Incorporation or Bylaws of the Association, Declarant reserves the right to exercise the rights, duties and functions of the Board of Directors of the Association until ninety percent (90%) of the General Common Elements or interests therein have been conveyed or transferred, or September 1, 1986, whichever event occurs first.

b. Declarant reserves the right, until it conveys or transfers a Time-Share Estate, to pay the assessment for Common Expenses and Unit Common Expenses based upon actual costs and need not include any estimated amount for contingencies, reserves or Sinking Funds. Declarant's assessment rights under this Paragraph b shall terminate as to any unconveyed Units or interests therein, on September 1, 1986. Declarant shall pay its pro rata share (subject to the limitations herein) based on its ownership interest in unconveyed Time-Share Estates; however, so long as Declarant controls the Board of Directors, Declarant shall pay any deficiencies incurred. Declarants assessment rights under this Paragraph b shall terminate as to any unsold units on September 1, 1986.

c. Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the Articles of Incorporation, or Bylaws of the Association, the "office" as shown on the condominium map may be used as a sales office by the Declarant so long as any Time-Share Estates remain unsold and also may be used by the Association as an office for general administrative and rental purposes, rent free.

d. Notwithstanding any other provisions expressly or impliedly to the contrary contained in this Declaration, the Articles of Incorporation, or Bylaws of the Association, the Declarant and/or its agents, independent contractors, and employees may conduct on the project a marketing program for the sale of Time-Share Estates and/or Condominium Units until such time as all the Time-Share Estates in the project are sold.

34. ACCEPTANCE OF PROVISIONS OF ALL DOCUMENTS

A contract for purchase and any conveyance or encumbrance of a Time-Share Estate shall be deemed to include the acceptance of all provisions of this Declaration, the Articles of Incorporation and Association Bylaws, rules and regulations, as from time to time amended, and shall be binding upon the purchaser, grantee or encumbrancer without the necessity of an express provision to such effect in the contract to purchase, instrument of conveyance or encumbrance, and subject to terms of Lease Agreements in others.

35. TIME-SHARE OWNERS APPOINTMENT OF ATTORNEY-IN-FACT

Not later than ten (10) days prior to each annual meeting of the Condominium Association the majority in interest of the Time-Share Owners of a Condominium Unit shall designate an agent (proxy), attorney-in-fact, which attorney in fact shall, in the stead and place of all of the Time-Share Owners of such Unit be empowered to perform the following acts on behalf of such Time-Share Owners, jointly or severally, to-wit:

a. To cast, collectively, the votes of the Time-Share Owners at the annual or any Special Meetings of the Members of the Condominium Association.

b. To be an agent for Service of Process on behalf of the Time-Share Owners of said Unit, jointly or severally.

c. To be agent for receipt of all governmental or quasi-governmental (except the Condominium Association) documents sent or served upon the Time-Share Owners of said Unit, jointly or severally.

d. To amend this Declaration.

Said Attorney-in-Fact, upon the receipt of a notice or other process shall forthwith deliver the same to the Managing Agent, if any, or to the Secretary of the Board of Directors, who shall forthwith mail a copy thereof to the Time-Share Owners effected thereby.

In the event that the majority in interest of the Time-Share Owners of a Unit fail to designate such an Attorney-in-Fact, then the Board of Directors of the Condominium Association shall at each annual meeting appoint such an Attorney-in-Fact with like powers and authority in the premises as set forth above.

A Certificate of Identity, setting forth the Condominium Unit and the names and address of the Attorney-in-Fact for the Time-Share Owners of said unit shall be prepared and executed by the Managing Agent, if any, or the Secretary of the Condominium Association and shall be recorded in the Office of the Judge of Probate of Baldwin County, Alabama. Such Certificate of Identity shall be conclusive evidence in favor of any person relying thereon in good faith.

In the event that such Certificate of Identity is not filed for record as aforesaid, then the previously identified Attorney-in-Fact in the last recorded Certificate of Identity shall continue to serve in such capacity until there has been recorded a current Certificate of Identity.

In the event that an Attorney-in-Fact desires to resign as such, he may do so by giving at least thirty (30) days' written notice to the Time-Share Owners of such Unit as well as the Board of Directors of the Condominium Association and the Managing Agent, if any, setting forth the date upon which his resignation shall become effective. In the event that the majority in interest of the Time-Share Owners fail to designate a successor Attorney-in-Fact, prior to the effective date of such resignation, then the Board of Directors of the Condominium Association shall designate a successor Attorney-in-Fact on the effective date of such resignation and shall cause the Managing Agent, if any, or the Secretary of the Condominium Association, to prepare, execute and file for record a Certificate of Identity and give written Notice thereof to the Time-Share Owners of such Unit.

36. TIME-SHARE OWNER'S ADDITIONAL RIGHTS AND OBLIGATIONS

Each Time-Share Owner agrees with each and every other Time-Share Owner of his Unit as follows:

a. A Time-Share Owner shall be obligated to pay on the last day of each and every Period of Occupancy all Occupancy Expenses.

b. A Time-Share Owner shall surrender up the Condominium Unit at the expiration of each annual Period of Occupancy in as good order and condition as when the same were entered upon, loss by fire, flood, act of God, or ordinary wear and tear excepted.

c. In the event that a Time-Share Owner shall fail to surrender up peacefully the Condominium Unit at the expiration of each Period of Occupancy, and if said Time-Share Owner shall remain in possession after such expiration, said Time-Share Owner shall be deemed guilty of a forcible detainer, and shall be liable for eviction with or without process of law and damages as hereinafter set forth.

d. If a Time-Share Owner fails to vacate the Condominium Unit upon the expiration of his occupancy period, then in addition to other remedies available to the Board of Directors and/or the Managing Agent, if any, he shall be liable in damages for each 24 hour period of holding over, or any part thereof, at the rate of 200 percent (200%) of the daily average rental rate charged for use and occupancy of a similar condominium unit, as determined by the Managing Agent, if any, or the Board of Directors of the Association, but in no event less than $200.00 per day, plus a reasonable amount for attorneys' fees.

e. In the event of a default in the payment of any charge provided for in this Condominium Declaration, or any part thereof, or default shall be made in any covenants or agreements herein contained to be kept by a Time-Share Owner it shall be lawful for the Managing Agent, if any, or the Board of Directors of the Association to deny possession and the use of the premises to said defaulting Time-Share Owner and/or declare said possession right terminated and enter upon said premises, or any part thereof either with or without process of law, and to expel, remove, and put out Principal or any other person occupying the same using such force as may be necessary in so doing without being liable to prosecution or in damages therefor and to repossess and enjoy the premises free from any claim of said defaulting Time-Share Owner. Said right to possession and use of said premises shall be denied a Time-Share Owner for so long as the Time-Share Owner shall be in default in the performance as aforesaid.

f. A Time-Share Owner shall not occupy his Unit or the General Common Elements at any time, including Maintenance Periods, except during the Time-Share Owner's Period of Occupancy as set forth in Exhibit "C" unless all the Time-Share Owners of a Unit shall agree, in writing, to some other occupancy arrangement with respect to the Maintenance Period.

g. A Time-Share Owner shall comply fully with the provisions of the PARADISE ISLE RESORT Declaration, the Articles of Incorporation, Bylaws, and rules and regulations of PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION and not act in contravention thereof.

h. A Time-Share Owner shall have the right to enter into his Unit during reasonable hours and upon reasonable notice during the Period of Occupancy of another Time-Share Owner for the purpose of showing the Unit to a prospective purchaser. Said right of entry shall also extend to a Licensed Real Estate Broker or a Licensed Real Estate Salesperson of a Time-Share Owner.

i. Every Time-Share Owner is entitled to the use and occupancy of his Unit during his assigned week or weeks or any part thereof. Such Time-Share Owner may permit a member of his family, guest, licensee, tenant, or other invitee to use the Unit during the assigned week, weeks, or any part thereof, provided however, that the Owner of a Time Share Estate must notify the Association or the Managing Agent in the manner prescribed by the house rules no later than thirty (30) days in advance of intended occupancy that there will be occupancy for the assigned time or a designated part thereof and furnish to the Association contemporaneously the names and addresses of the intended occupants. Failure to so notify will not forfeit occupancy rights, but will relieve the Association of the obligation to provide maid, towel and linen service during the initial period of occupancy.

The Owner of an Time-Share Estate or Unit may have his or her right of occupancy suspended by the Association if such Owner is delinquent in his financial obligations to the Association or the Developer. The Association may rent such delinquent Owner's Time-Share Estate during his or her week of occupancy and apply the proceeds from the rental of such Unit to the amount of the delinquency. All proceeds from the rental of such Unit which exceed the amount of the delinquency shall inure to the benefit of the Owner of such Time-Share Estate.

37. GENERAL

a. If any of the provisions of this Declaration or any of its paragraphs, sentences, clauses, phrases or words, or if the application thereof in any circumstance be invalidated, such partial invalidity shall not affect the remainder of this Declaration, and the application of any such provisions, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

b. "Declarant" as used herein includes the named Declarant, its successors and assigns.

c. The provisions of this Declaration shall be supplemental and in addition to the Condominium Ownership Act of the State of Alabama, CODE OF ALABAMA (1975), §35-8-1, et seq., and to all applicable provisions of law.

d. Whenever used herein, unless the context shall otherwise provide, the term "First Mortgage" or "First Mortgagee" shall include the Declarant, its successors and assigns, and Declarant's and the rights of Declarant's successors and assigns under an Installment Sales Contract between an Owner and Declarant whether such Installment Sales Contract is recorded or unrecorded.

e. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular and the use of any gender shall include all genders.

f. Paragraph titles are for convenience of reference and are not intended to limit, enlarge or change the meaning of the contents of the various paragraphs.

i. A copy of the Articles of Incorporation of the Association and a copy of its Bylaws are attached hereto as Exhibits D and E, respectively. A copy of the First Set of Rules and Regulations adopted by the Board of Directors and the Association is attached hereto as Exhibit F.

IN WITNESS WHEREOF, the Declarant has duly executed this Condominium Declaration for PARADISE ISLE RESORT CONDOMINIUM, at Foley, Alabama, this 28 day of March, 1984.

PARADISE ISLE, INC.,
DECLARANT

BY [signature]
PRESIDENT

ATTEST:

BY [signature]
SECRETARY

CONSENT OF MORTGAGEE

The undersigned, a mortgagee of record with respect to the property described on attached Exhibit A, hereby consents to the foregoing Declaration of Condominium for PARADISE ISLE RESORT CONDOMINIUM.

DONE this 14th day of September, 1984.

BALDWIN COUNTY SAVINGS
AND LOAN ASSOCIATION

BY [signature]

ITS Assistant V.P.

ATTEST:

[signature]

ITS Assistant Corporate Secretary

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that [signature] and Katie Sue Johnson, whose names as President and Secretary, respectively, of PARADISE ISLE, INC., an Alabama corporation, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being infor[illegible] contents of the instrument, they, as such officers and [illegible] full authority, executed the same voluntarily on the day the [illegible] date.

Given under my hand and official seal this, the 28 day of March, 1984.

[signature]
NOTARY PUBLIC

My Commission Expires:
My Commission Expires April 1, 1986

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STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Charles Dukes and Denise B. Greggs, whose names as Assistant Vice President and Asst. Corporate Sec. respectively, of BALDWIN COUNTY SAVINGS & LOAN ASSOCIATION, a banking association, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this, the 14th day of September, 1984.

NOTARY PUBLIC

My Commission Expires:
My Commission Expires October 5, 1985

THIS INSTRUMENT WAS PREPARED BY:
J. DON FOSTER
FOSTER, BRACKIN & BOLTON, P.A.
1715 N. McKenzie Street
Foley, AL 36535-1798

NOTARY PUBLIC

MISC. 51 PG 159

EXHIBIT "A"

TO CONDOMINIUM DECLARATION FOR

PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION

Lots 1, 2, 3, 4, 17, 18, 19 and 20, Block 18, Unit 1, Gulf Shores, Alabama, as per plat thereof of record in the office of the Judge of Probate of Baldwin County, Alabama.

EXHIBIT "B"

TO CONDOMINIUM DECLARATION FOR

PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION

	Appurtenant Undivided Fractional Ownership Interest in Respective Unit Purchased	Appurtenant Undivided Fractional Ownership Interest in General Common Elements
Each Time Share Estate:	1/51	1/1,734

There are 14 buildings and a total of 34 units. There are three types of units (designated A, B, and C). Each unit may be designated first by building (Roman numeral), followed by the unit number and the capital letter indicating the type of unit. Time-Share Estates shall be described by the unit designation followed by a dash and the number corresponding to the annual period of occupancy set out on Exhibit C.

EXIHIBIT "C"

TO CONDOMINIUM DECLARATION FOR

PARADISE ISLE RESORT CONDOMINIUM ASSOCIATION

Condominium Unit Designation followed by a dash and the following Number:	Day on Which Annual Period of Occupancy Commences
1	1st Saturday of Year
2	2nd Saturday of Year
3	3rd Saturday of Year
4	4th Saturday of Year
5	5th Saturday of Year
6	6th Saturday of Year
7	7th Saturday of Year
8	8th Saturday of Year
9	9th Saturday of Year
10	10th Saturday of Year
11	11th Saturday of Year
12	12th Saturday of Year
13	13th Saturday of Year
14	14th Saturday of Year
15	15th Saturday of Year
16	16th Saturday of Year
17	17th Saturday of Year
18	18th Saturday of Year
19	19th Saturday of Year
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26	26th Saturday of Year
27	27th Saturday of Year
28	28th Saturday of Year
29	29th Saturday of Year
30	30th Saturday of Year
31	31st Saturday of Year
32	32nd Saturday of Year
33	33rd Saturday of Year
34	34th Saturday of Year
35	35th Saturday of Year
36	36th Saturday of Year
37	37th Saturday of Year
38	38th Saturday of Year
39	39th Saturday of Year
40	40th Saturday of Year
41	41st Saturday of Year
42	42nd Saturday of Year
43	43rd Saturday of Year
44	44th Saturday of Year
45	45th Saturday of Year
46	46th Saturday of Year
47	47th Saturday of Year
48	48th Saturday of Year
49	49th Saturday of Year
50	50th Saturday of Year
51	51st Saturday of Year
52	52nd Saturday of Year