

**ARTICLES OF INCORPORATION OF
GRAND CARIBBEAN CONDOMINIUM ASSOCIATION, INC.
A NON PROFIT CORPORATION**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, acting as Incorporator, does hereby form a corporation under the Alabama Nonprofit Corporation Act [Code of Alabama, 1975, Section 10-3A-1 et. seq.], and adopts the following Articles of Incorporation:

ARTICLE I - NAME

The name of this Corporation shall be GRAND CARIBBEAN CONDOMINIUM ASSOCIATION, INC., (hereinafter the "Corporation" or the "Association").

ARTICLE II - PERIOD OF DURATION

The Association shall exist perpetually, unless terminated according to the terms of these Articles.

ARTICLE III - NOT FOR PROFIT

This Association is not organized for profit and the purpose for which the Association is organized is to provide an entity pursuant to the Alabama Uniform Condominium Act of 1991, Code of Alabama 1975, Section 35-8A-101 et seq., for the acquisition, operation, management, maintenance, care, control, and administration of Grand Caribbean, a condominium located in Orange Beach, Alabama (the "Condominium"). Any income received by the Association shall be applied only to the non profit purposes and objectives of the Association and no part of the net earnings thereof shall inure to the benefit of any private member, officer, director, or individual. This Association shall be without capital stock. The members of this Association shall not be personally liable for the debts, liabilities or obligations of this Association.

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

2003 July - 3 1:18PM

Page 1 of 10

Instrument Number 740688 Pages 10
Recording 25.00 Mortgage
Deed Min Tax
Index DP 1.00
Archive 3.00
Adrian T. Johns, Judge of Probate

740688

ARTICLE IV - PURPOSES AND POWERS

A. The Association shall have all the common law and statutory powers of a non-profit corporation and shall have all the powers which an Association may have or exercise under the Alabama Uniform Condominium Act of 1991 (the "Condominium Act"), which are not in conflict with the terms of these Articles or the Declaration of Condominium of Grand Caribbean, a condominium (the "Declaration") same being recorded in the Probate records of Baldwin County, Alabama, as they may be amended from time to time, including, but not limited to the following (with the terms capitalized herein having the meanings set forth in the Declaration or the Condominium Act and to which reference is made hereto):

1. To acquire, hold, lease, mortgage or convey real, personal or mixed property wherever situated, including, without limit, Units in the Condominium;

2. To make and collect assessments against the members as provided in the Declaration to defray the costs, expenses and losses of the Condominium or any other business enterprise, venture or property interest of the Association, and to use the proceeds of the assessments in the exercise of the powers and duties herein provided;

3. To borrow funds to pay for such expenditures as may be authorized by the provisions of the Declaration;

4. To maintain, repair, replace, clean, sanitize and operate the property of the Condominium or the property of the Association;

5. To lease or grant easements or licenses for use of the Limited Common Elements or the Common Elements of the Condominium in a manner not inconsistent with the rights of owners of the Units in the Condominium or the Declaration;

6. To enforce by legal means the provisions of the Condominium Act, the Declaration, the Articles and By-Laws of the Association, and the rules and regulations for the use of the property of the Condominium or the Association;

7. To contract for the management of the Condominium and to delegate to such contractor all powers and duties of the Association, except such as are specifically required to be performed by the Association;

8. The objects and purposes set forth in Article III of these Articles shall be construed as powers, as well as objects and purposes and the Association shall have and may exercise such powers as if such powers were set forth in full herein;

9. The Association shall have and may exercise all powers as shall enable it to do each and every thing necessary, suitable, convenient, expedient or proper for the accomplishment of any or all purposes and the attainment of any or all objects set forth in Article III; and

10. The Association shall have and may exercise all powers set forth in any other Article of these Articles of Incorporation.

B. All funds and title to properties acquired by the Association and the proceeds therefrom shall be held in trust for the members in accordance with the provisions of the Condominium Act, the Declaration and the By-Laws of the Association.

ARTICLE V - MEMBERSHIP

The members of the Association shall consist of all of the record owners of Units in the Condominium and after termination of the Condominium shall consist of those who are members of the Association at the time of such termination and their heirs, successors, and assigns. Membership in the Association shall be evidenced by a deed or other instrument establishing record title to a Unit in the Condominium recorded in the Probate Office of Baldwin County, Alabama. Upon such recordation, the Owner of the Unit designated by such instrument shall become a member of the Association and the membership of the prior Owner shall be terminated. The share of a member in the funds or assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to the Unit. The number of votes to be cast by Owner(s) of a Unit and the manner of exercising voting rights shall be determined by the Declaration and the By-Laws of the Association.

Notwithstanding the foregoing, any person or entity who holds an interest in a Unit in the Condominium merely as security for the performance of an obligation shall not be a member of the Association, unless and until such security holder or mortgagee has acquired title to the Unit pursuant to foreclosure or any proceeding in lieu thereof and the deed thereby evidencing title has been duly and properly recorded, at which time, such security holder or mortgagee shall become a member and the debtor's membership shall thereupon cease, regardless of whether or not there is an outstanding right of redemption to the Unit.

ARTICLE VI - DIRECTORS

The affairs of the Association shall be managed by a Board of Directors consisting of the number of Directors as shall be determined by the By-Laws; provided, however, that the Board of Directors shall consist of not less than three (3) Directors and not more than seven (7) Directors and in the absence of a provision in the By-Laws to the contrary, shall initial consist of five (5) Directors. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws and as limited below. Vacancies on the Board of Directors shall be filled in the manner provided by the By-Laws.

Notwithstanding the provisions set forth in this Article VI of these Articles or in any provision of the By-Laws granting to the members the right to elect and remove members of the Board of Directors, Cotton Bayou Associates, L.L.C., an Alabama limited liability company (the "Developer"), its successors and assigns, shall control the Association by electing or appointing and removing members of the Board of Directors of the Association and in the event of vacancies, the Developer shall fill such vacancies until such time as either (a) the expiration of sixty (60) days following the conveyance of seventy-five (75%) percent of all the Units which may be created in the Condominium to Purchasers of Units other than the Developer, or (b) the expiration of two (2) years from the date the Developer, its successors or assigns, has ceased to offer Units for sale in the ordinary course of business, or (c) four (4) years after any Development Rights to add new Units was last exercised, or (d) the Developer elects by written notice to the Association, at its option, to terminate such control of the Association, whichever first occurs. Notwithstanding the above, within ninety (90) days after conveyance of twenty-five (25%) percent of all the Units which may be created in the Condominium, the members of the Association other than Developer, shall be entitled to elect twenty-five (25%) percent of the members of the Board of Directors. Not later than ninety (90) days after conveyance of fifty (50%) percent of all the Units which may be created in the Condominium to members of the Association other than the Developer, not less than thirty-three and one-third (33 1/3%) percent of the members of the Board shall be elected by the members of the Association. Further, the Developer shall be entitled to elect at least one (1) member of the Board of Directors, as long as the Developer holds Special Declarant Rights under the Declaration of Condominium and such right is not violative of the then provisions of the Condominium Act. Within sixty (60) days before the date of termination of control of the Association by the Developer, the Board of Directors shall call and give not less than ten (10) nor more than thirty (30) days notice of a Special Meeting of the membership for the purpose of electing the members of the Board of Directors to be elected by the members other than the Developer.

The initial Board of Directors shall have five (5) Directors. The names and addresses of the members of the Board of Directors who shall hold office until their successors are elected and have qualified or until such Directors are removed, are as follows:

NAME	ADDRESS
Rick A. Phillips	3145 Gulf Shores Pkwy. Gulf Shores, AL 36542
John P. Case	56 Midtown Parkway Mobile, AL 36606
Marie King	3145 Gulf Shores Pkwy. Gulf Shores, AL 36542
Becky Phillips	3145 Gulf Shores Pkwy. Gulf Shores, AL 36542
Stephen Case	56 Midtown Parkway West Mobile, AL 36606

Other than a Board member appointed by the Developer, any Director may be removed, either with or without cause, at any time, by a two-thirds (2/3) vote of all persons present in person and entitled to vote at a meeting of the Unit Owners at which a quorum is present, and the vacancy in the Board caused by any such removal may be filled by the members at such meeting or at any subsequent meeting in the manner prescribed in the By-Laws for the filling of vacancies on the Board.

The initial By-Laws of this Association shall be adopted by its Board of Directors. The power to alter, amend, or repeal the By-Laws or adopt new By-Laws shall be vested in the Board of Directors of this Association.

ARTICLE VII - OFFICERS

The day-to-day affairs of the Association shall be administered by the officers designated in accordance with the By-Laws of the Association, as set forth in the Declaration of Condominium of Caribe Resort. The names and addresses of the initial officers who shall serve until the election or appointment of their successors are as follows:

NAME	OFFICE	ADDRESS
Rick A. Phillips	President	3145 Gulf Shores Parkway Gulf Shores, AL 36542
John P. Case	Vice President	56 Midtown Parkway West Mobile, AL 36606
Marie King	Secretary and Treasurer	3145 Gulf Shores Parkway Gulf Shore, AL 36542

ARTICLE VIII - AMENDMENTS

The Association reserves the right to amend, alter, change or repeal any provision contained in these Articles in the manner now or hereafter provided by law and all rights conferred upon officers and directors herein are granted subject to this reservation.

ARTICLE IX - REGISTERED OFFICE AND AGENT

The address of the Association's initial registered office is 25805 Perdido Beach Blvd., Orange Beach, AL 36561 and the mailing address is 25805 Perdido Beach Blvd, Orange Beach, AL 36561 and the name of its initial registered agent at such address is Rick A. Phillips.

ARTICLE X - RELATED PARTY TRANSACTIONS

No contract or other transaction between the Association or any person, firm, association or corporation and no other act of the Association shall, in the absence of fraud, be invalidated or in any way affected by the fact that any of the Directors of the Association are directly or indirectly, pecuniarily or otherwise interested in such contract, transaction or other act, or are related to or interested in (either as director, stockholder, officer, employee, member or otherwise) such person, firm association or corporation. Any Director of the Association individually, or any firm or association of which any Director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association,

provided that the fact that he, individually, or such firm or association is so interested, shall be disclosed or known to the Board of Directors or a majority of the members thereof as shall be present at any meeting of the Board of Directors or of any committee of Directors having the powers of the full Board, at which action upon any such contract, transaction or other act is taken, and if such fact shall be so disclosed or known, any Director of the Association so related or otherwise interested may be counted in determining the presence of a quorum of any meeting of the Board of Directors or of such committee, at which action upon any such contract, transaction or act shall be taken, and may vote with respect to such action with like force and effect as if he were not so related or interested. Any Director of the Association may vote upon any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

ARTICLE XI - INDEMNIFICATION

The Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Association), by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such claim, action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Association shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Association of procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer,

partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which court shall deem proper.

To the Extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs one and two of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

Any indemnification under paragraphs one and two of this Article (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs one and two of this Article. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, (3) by the members.

Expenses (including attorneys fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit or proceeding as authorized in the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in paragraph four of this Article upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if and to the extent that it shall be the Association as authorized in this Article.

The indemnification authorized by this Article shall not be deemed exclusive of and shall be in addition to any other right (whether created prior or subsequent to the enactment of this Article) to which those indemnified may be entitled under any statute, rule of law, provisions of articles of incorporation, by-law, agreement, or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provision of this Article.

ARTICLE XII - DISSOLUTION

The Association may be dissolved only with the assent given in writing and signed by the members entitled to cast three fourth (3/4) of the vote of its membership. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets (which shall be in accordance with Article XIII hereof) shall be mailed to every member at least thirty (30) days in advance of any such action sought to be cast and shall be subject to prior approval of such dissolution by the Board of Directors.

ARTICLE XIII - DISTRIBUTION UPON DISSOLUTION

Upon the dissolution of the Association, the assets of the Association shall be distributed to the members in the same manner as provided in the Declaration for the distribution of property subject thereto upon termination of the Condominium to the extent that any such distribution is not inconsistent with the provisions of the Condominium Act.

ARTICLE XIV - NAME AND ADDRESS OF INCORPORATOR

The name and address of the incorporator is as follows:

NAME

ADDRESS

Rick A. Phillips

3145 Gulf Shores Parkway
Gulf Shores, Al 36542

IN WITNESS WHEREOF, this Incorporator files these Articles of Incorporation and tenders to the Probate Judge of Baldwin County, Alabama, the lawful fees and charges therefor and prays that these Articles may be examined and approved and that the Association may be deemed to be incorporated for the purposes herein set forth. The undersigned Incorporator has hereunto set his hand and seal on this the 3 day of July, 2003.



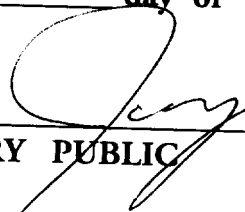
RICK A. PHILLIPS

STATE OF ALABAMA
COUNTY OF BALDWIN

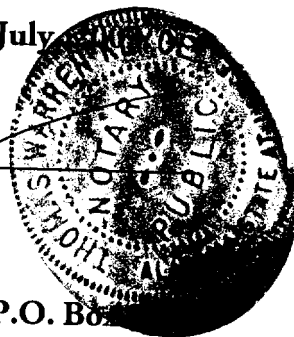
I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that RICK A. PHILLIPS, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day same bears date.

Subscribed and sworn to before me on this 3 day of July

My Commission Expires: 10/21/2006



NOTARY PUBLIC



This Instrument Prepared by: Thomas W. Klyce, P.C., Attorney at Law, P.O. Box
Gulf Shores, Al. 36547