STATE OF ALABAMA,
BALDWIN COUNTY
I certify that this instrument was filed on

MAY 8 1986 3 P M

and that no tax was collected. Recorded in Misc
Book 57 [signature]
Page 798-868 Judge of Probate
D.P. $1.00 Index $______ By [initials]

DECLARATION OF CONDOMINIUM

FOR

THE BEACHWALK CONDOMINIUM

This Declaration submits certain real property located in Baldwin County, Alabama, to the condominium laws of the State of Alabama, as provided by the Alabama Condominium Ownership Act.

Plat for The Beachwalk Condominium, recorded in Map Book 9, Page 121, in the office of the Judge of Probate of Baldwin County, Alabama Records, and Unit Plans recorded in Apartment Book 12, pages 116, in the office of the Judge of Probate of Baldwin County, Alabama Records.

57 PAGE 798

7/1/85

DECLARATION OF CONDOMINIUM

FOR

THE BEACHWALK CONDOMINIUM

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DECLARATION OF CONDOMINIUM

FOR

THE BEACHWALK CONDOMINIUM

Baldwin County, Alabama

THIS DECLARATION OF CONDOMINIUM (hereinafter referred to as the "Declaration") made this 24th day of April, 1986 by Scott-Maxco, an Alabama joint venture, (hereinafter referred to as "Declarant").

<u>W I T N E S S E T H</u>:

WHEREAS, Declarant is the owner of fee simple title to certain real property and the improvements constructed thereon located in Baldwin County, Alabama, which real property is more fully described on Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, Declarant desires to submit said real property and said improvements to the provisions of the Alabama Condominium Ownership Act, <u>Code of Alabama</u>. Section 35-8-1 et seq. (hereinafter referred to as the "Act"), and to the provisions of this Declaration pursuant to the Act;

NOW, THEREFORE, Declarant hereby declares that the real property described on Exhibit "A", together with the improvements constructed thereon, are hereby submitted to the Act and made subject to this Declaration. The terms and provisions of this Declaration shall constitute covenants running with the land.

ARTICLE I

<u>DEFINITIONS</u>

As used herein, the terms defined in Section 35-8-2 of the Act shall be deemed to have the same meanings as set forth therein, unless the context shall otherwise require or unless any of such terms is specifically defined herein in a manner inconsistent with said section, in which event the definition contained herein shall control to the extent of such inconsistency. In addition, as used herein, the following terms shall have the meanings set forth in this Article I:

1.1 "Act" shall mean the Alabama Condominium Ownership Act, Code of Alabama, Section 35-8-1 et seq.

1.2 "Articles" shall mean the Articles of Incorporation of the Association as the same may be extended, amended or renewed from time to time.

1.3 "Association" shall mean THE BEACHWALK CONDOMINIUM ASSOCIATION, INC., an Alabama nonprofit corporation, its successors and assigns.

1.4 "Bylaws" shall mean the bylaws of the Association as the same may be extended, amended or renewed from time to time.

1.5 "Code" shall mean the Alabama Nonprofit Corporation Act.

1.6 "Condominium" shall mean the Condominium Property known as The Beachwalk Condominium.

1.7 "Condominium Property" shall mean the property which is submitted to the provisions of the Act by this Declaration. The Condominium Property is also sometimes hereinafter referred to as the "Submitted Property."

1.8 "Declarant" shall mean Scott-Maxco, an Alabama joint venture, or any successor-in-title, who comes to stand in the same relation to the Condominium as Declarant, including, without limitation, any party that acquires ownership of all of Declarant's then remaining interests in the Condominium.

1.9 "Declaration" shall mean this Declaration of Condominium for The Beachwalk Condominium, as the same may be extended, amended or renewed from time to time.

1.10 "Director" shall mean a member of the Board of Directors of the Association.

1.11 "First Mortgagee" shall mean the holder of a first-in-priority mortgage, deed to secure debt or other instrument conveying a lien upon or security title to any Unit.

1.12 "Lender" shall mean the holder of any mortgage, deed to secure debt or other instrument conveying a lien upon or security title to any Unit (including a First Mortgagee), and any insurer or guarantor of any such instrument.

1.13 "Majority Vote" shall mean the affirmative vote of more than fifty percent (50%) of the persons entitled to vote represented at a meeting of the members of the Association or the Board of Directors, as specified, at which a quorum shall be present.

1.14 "Occupant" shall mean any person, including, without limitation, any guest, invitee, tenant, lessee or family member of a Unit Owner, occupying or otherwise using or visiting in a Unit.

1.15 "Plans" shall mean those certain Plans for The Beachwalk Condominium prepared by E. C. Latham & Co. - Designers, and filed for record with the Judge of Probate of Baldwin County, Alabama, as the same may be revised or amended from time to time.

1.16 "Plat" shall mean that certain survey for The Beachwalk Condominium prepared by W. H. Sommerville, Jr., and filed for record, with the Judge of Probate of Baldwin County, Alabama, as the same may be revised or amended, from time to time.

1.17 "Private Elements" shall mean a portion of the Condominium intended for independent ownership and use, being a residential dwelling depicted on the Plat and the Plans and having the boundaries described in Section 3.2 hereof.

1.18 "Unit" shall mean the Private Elements, together with the undivided interest in the common elements appurtenant thereto.

1.19 "Unit Owner" shall mean one or more persons, including Declarant, who owns fee simple title to any Unit, except, however, those persons having such an interest under a mortgage or deed to secure debt prior to foreclosure.

ARTICLE II

CONDOMINIUM PROPERTY

2.1 Name. The name of the Condominium is "The Beachwalk Condominium."

2.2 Condominium Property. At the time of filing of the Declaration, the Condominium Property consists of the property, more particularly described on Exhibit "A", the three (3) buildings located thereon, containing a total of eighteen (18) Units, certain common elements, certain limited common elements and other improvements. The locations and dimensions of the Units and other improvements on the Condominium Property are shown on the Plat and the

Plans, which Plat and Plans are incorporated herein by reference.

ARTICLE III

PROPERTY RIGHTS

3.1 Units. Each Unit, including the undivided interest in the common elements as set forth with respect to such Unit on Exhibit "B", shall for all purposes constitute a separate parcel of real property, which may be owned, held, transferred, sold, conveyed, used, occupied, mortgaged or otherwise encumbered in the same manner as any other separate parcel of real property, subject to the terms, provisions and restrictions of the Act and this Declaration. The undivided interest in the common elements appurtenant to each Unit shall not be separated from such Unit and shall be deemed to be transferred, conveyed and encumbered with such Unit even if such interest is not stated or referred to in the document or instrument effecting such transfer, conveyance or encumbrance. In addition, the undivided interest in the common elements shall remain undivided, and unless the Condominium is terminated or a portion of the Condominium Property is withdrawn from the Condominium pursuant to Section 10.3 herein, no Unit Owner nor any other person shall bring any action for partition or division of the whole or any part of any Unit or the common elements. Each Unit shall be allocated an equal vote in the Association, which vote shall be appurtenant to such Unit.

3.2 Boundaries of Units. The Private Elements in each Unit shall include all of the space, interior partitions and other fixtures and improvements, including, without limitation, all appliances and heating and air conditioning systems or portions thereof, within the boundaries thereof and serving exclusively such Unit. The boundaries of a Unit shall be as set forth on Exhibit "C" attached hereto and by this reference made a part hereof. The boundaries between adjoining Units may be relocated from time to time, provided that any such relocation is accomplished in strict accordance with the provisions of Section 35-8-7(14) of the Act and with the consent of Declarant, so long as Declarant owns any Unit primarily for the purpose of sale.

3.3 Common Elements. All portions of the Condominium that are not Private Elements are common elements. Those portions of the common elements that are assigned to a certain Unit or Units, as set forth on Exhibit "D" attached hereto and by this reference made a part hereof, are hereby designated limited common elements and reserved for the exclusive use of said Unit or Units. Such limited common elements may be reassigned at any time and from time to time, provided that any and all such reassignments shall be made in accordance with the provisions of Section 35-8-6 of the Act. A common element not previously assigned as a limited common element may be so assigned upon written application to the Association by the Unit Owner or Unit Owners for whose exclusive use such limited common element is requested, the approval of Unit Owners to which at least two-thirds (2/3) of the votes of the Association are allocated and the consent of Declarant, so long as Declarant owns any Unit primarily for the purpose of sale. Upon such application, approval and consent, the Association shall prepare and execute an amendment to the Declaration assigning the rights and obligations with respect to such limited common element. Such amendment shall be delivered and become effective in accordance with the provisions of Section 35-8-7 of the Act.

3.4 Easements. In addition to the easements created by the Act, the easements set forth in this Article III are hereby reserved from and established by each Unit Owner for the benefit of each other Unit Owner, the Association and Declarant. To the extent that any damage is inflicted on the common elements including, without limitation, the limited common elements, or any Unit in connection with the exercise of any of the rights herein reserved and established, the Association, Unit Owner or Declarant causing said damage shall be liable for the prompt repair thereof. If none of the aforesaid shall have caused such damage, such common elements shall be repaired pursuant to the provisions of Article VIII herein.

3.5 Encroachments. To the extent that any Unit or common element encroaches on any other Unit or common element, whether by reason of any deviation from the Plat or Plans in the construction, reconstruction, repair, renovation, or restoration of any improvement, or by reason of the settling or shifting of any land or improvement, an easement for such encroachment and for the maintenance, repair and replacement thereof shall exist so long as the encroachment exists.

3.6 Rights of Declarant. So long as Declarant owns any Unit primarily for the purpose of sale, Declarant and its duly authorized contractors, representatives, agents, and employees shall have an easement for the maintenance of signs, a sales office, a business office, promotional facilities and model Units on the Submitted Property, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, marketing and sale of the Units. Declarant shall also have a transferable easement on, over, through, under and across the common elements within any portion of the Submitted Property for the purpose of parking vehicles upon the Submitted Property.

3.7 Rights of the Association. The Association, and its Directors, Officers, contractors, agents and employees, including, without limitation, any manager employed by the Association, shall have a general easement for access, ingress and egress to and from all Units and the common elements for the purpose of performing their respective duties. Except in the event of emergencies, such easements are to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Unit Owner or Occupant of a Unit directly affected thereby. The Association shall have the power to grant and accept easements on, over, through, under and across the Submitted Property for the installation, maintenance, repair and replacement of utilities and other common services and for other purposes consistent with the intended use of the common elements.

3.8 Rights of the Unit Owners. Each Unit Owner and Occupant shall have a right and easement of use and enjoyment in and to the common elements (including the right of access, ingress and egress to and from his Unit over those portions of the Submitted Property designated for such purpose), and such easement shall be appurtenant to and shall pass with the title to such Unit, subject to the rights of Unit Owners to the exclusive use of the limited common elements assigned to their respective Units and to the right of the Association to control the use and enjoyment of the common elements as provided by the terms of this Declaration.

3.9 Maintenance and Repair. The Declarant, the Association, and the Unit Owners shall have a general easement on, over, across and through every Unit and the common elements for the purpose of installing, replacing, maintaining and repairing any Unit or the common elements. Except in the event of emergencies, such easements are to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Unit Owner or Occupant of a Unit directly affected thereby.

3.10 Utilities. To the extent that any utility line, pipe, wire or conduit serving any Unit, Units or the common elements shall lie wholly or partially within the boundaries of another Unit or the common elements, such other Unit, Units or the common elements shall be burdened with an easement for the use, maintenance, repair and replacement of such utility line, pipe, wire or conduit, such easement to be in favor of the Unit, Units or common elements served by the same.

3.11 Support. Every portion of a Unit or the common elements, which contributes to the structural support of another Unit or the common elements, shall be burdened with an easement of structural support and no Unit Owner nor the Association shall make any change in any such portion of any Unit or the common elements without the prior written consent of each Unit Owner and the Association for whose benefit such easement exists.

ARTICLE IV

ADMINISTRATION

4.1 General Provisions. The business and affairs of the Association shall be governed by the Board of Directors and administered by the Officers of the Association, and each shall have the respective duties and powers set forth herein, in the Articles, the Bylaws, the Act and the Code, and shall have such other duties and powers as may be reasonably implied to effect the purposes of the Association.

4.2 Meetings. Meetings of the members of the Association and of its Board of Directors shall be held, and notice of such meetings shall be given, in accordance with the provisions of their respective Bylaws. A quorum shall be deemed present throughout any meeting of the members of the Association and throughout any meeting of its Board of Directors until adjourned if persons entitled to cast more than fifty percent (50%) of the votes in the Association or the Board of Directors, as the case may be, are present at the beginning of such meeting.

4.3 Enforcement of Director's Duties. In the event that the Board of Directors shall fail to perform any duty or duties, which under the terms and provisions of this Declaration, the Articles, the Bylaws or the Act are to be performed by it, any Unit Owner or First Mortgagee who is aggrieved by such failure shall have the right to proceed in equity to compel such Board of Directors to perform such duty or duties. In no event, however, shall any Director or Directors have any liability to any Unit Owner or First Mortgagee for any failure by such Board of Directors to perform any such duty or duties, except to the extent specifically provided in the Act.

4.4 Control by Declarant. Notwithstanding any other provision to the contrary contained in this Declaration, the Articles or the Bylaws, Declarant shall have the right to control the Association and is hereby authorized to appoint or remove any Director or Directors or any Officer or Officers until the first of the following to occur:

(i) Four (4) months after the date as of which three-fourths (3/4) of the Units shall have been conveyed by Declarant to Unit Owners other than persons or entities constituting or owned by Declarant; or

(ii) The expiration of three (3) years after the date of the recording of this Declaration: or

(iii) The surrender by Declarant of the authority to appoint and remove Directors and Officers by an express amendment to this Declaration executed and recorded by Declarant.

Upon the expiration of the period of Declarant's right to appoint and remove Directors and Officers, such right shall automatically pass to the Unit Owners, including Declarant if Declarant then owns one or more Units. Thereafter, Directors and Officers shall be elected pursuant to the terms and provisions of this Declaration, the Articles, the Bylaws, the Act and the Code. Prior to the expiration of the period of Declarant's right to control the Association, the Association shall not be bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exerciseable without penalty at any time after expiration of Declarant's right to control the Association, upon not more than 90 days' notice to the other party.

4.5 <u>Rules and Regulations</u>. The powers of the Board of Directors shall include, without limitation, the power to make, adopt, revoke and amend rules and regulations, in addition to the restrictions set forth in Article IX of this Declaration governing the use and enjoyment of the Submitted Property by the Unit Owners and Occupants. Written copies of all such rules and regulations shall be furnished to the Unit Owners prior to the effective date thereof. Such rules and regulations, as well as all provisions of this Declaration, including, without limitation, the restrictions set forth in Article IX, hereof, shall be binding upon all Unit Owners and Occupants, and any failure to abide by such shall be grounds for an action or suit by the Association or, in any proper case, by any one or more aggrieved Unit Owners to recover sums due or damages, or to obtain injunctive or equitable relief, or both. The Association shall be entitled to all other remedies provided by this Declaration, the Act or other laws, including, without limitation, the right and power to impose and assess fines and to suspend temporarily the right of use of certain of the common elements: provided, however, that no such suspension shall deny any such Unit Owner or Occupant access to the Unit owned or occupied nor cause any hazardous or unsanitary condition to exist.

4.6 Management Hired; Other Contracts. The Board of Directors may in its discretion, employ a third party manager to manage the operation of the Association. Such manager shall, by the terms of a written agreement, be the agent of the Board of Directors and of the Association. Except as may be prohibited by the Act or the Code, the Board of Directors may delegate to such manager such of the duties and powers of the Association, the Board of Directors and the Officers, as the Boards of Directors shall determine. Any management agreement and any other contract or lease to which the Association is a party, executed by or on behalf of the Association during the period of Declarant's right to control the Association, shall be subject to cancellation and termination without cause and without penalty upon ninety (90) days notice, and as set forth in Section 44-3-101 of the Act. It shall be expressly permissible for Declarant, or any firm affiliated with Declarant, to be employed as a manager pursuant to this Section 4.6.

4.7 Information Available. The Association shall have available for inspection by Owners and Lenders during normal business hours (or under other reasonable circumstances) at its principal place of business, current copies of this Declaration, the Bylaws, other rules and regulations concerning the Condominium and the books, records and financial statements of the Association.

ARTICLE V

ASSESSMENTS

5.1 Creation of Personal Liability and Priority of Lien. Each Unit Owner, by acceptance of a deed or other conveyance of a Unit, covenants and agrees to pay to the Association (through the Association) the assessments or charges, together with interest thereon, as shall be fixed or assessed against his Unit during his ownership thereof by the Association in accordance with the terms and provisions of this Declaration, the Articles, the Bylaws and the Act. All such assessments and charges, whether for common expenses or otherwise, together with interest thereon and the costs of collection thereof as hereinafter provided, shall, from the time the same become due and payable, be a charge against and continuing lien in favor of the Association upon such Unit. Such lien shall be prior and superior to all other liens whatsoever except only (a) a lien for taxes, (b) the lien of a first-in-priority mortgage, if any, or secondary purchase-money mortgage, if any, to which such Unit is subject, and (c) the lien of any mortgage recorded prior to the recording of this Declaration.

5.2 <u>Effect of Transfer of Unit</u>. The sale or transfer of any Unit shall not affect the lien set forth in Section 5.1 above, and any grantee shall be jointly and severally liable for the portion of any assessment or charge assessed against such Unit as may be due and payable at the time of conveyance, but without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor; provided, however, that if such grantor or grantee shall request and receive a certificate from the Association as provided in Section 35-8-17 of the Act, such grantee, his successors, successors-in-title and assigns, shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against such Unit in excess of the amount set forth in such certificate, if any. Anything in this Declaration to the contrary notwithstanding, in the event any First Mortgagee or any secondary purchase-money mortgagee shall come into possession of any Unit by virtue of the foreclosure of a first mortgage or a secondary purchase-money mortgage, such mortgagee shall not be liable for, nor shall such Unit be subject to a lien for, any assessment chargeable to such Unit on account of any period prior to the time such mortgagee shall so come into possession of such Unit; provided, however, that such unpaid assessment or assessments shall be deemed to be common expenses collectible from all Unit Owners, including such mortgagee.

5.3 <u>General Assessments</u>. The amount of all common expenses of the Association not specially assessed pursuant to the provisions of this Declaration, less the amount of any common profits applied to the payment thereof, shall be assessed against each Unit, and the Unit Owners thereof shall be personally liable therefor, in the same proportion as is specified on Exhibit "B" as the undivided percentage interest in the common elements appurtenant to such Unit.

5.3.1 <u>Common Expenses</u>. The common expenses of the Association shall be all of the expenditures which are made or incurred by or on behalf of the Association in connection with the exercise of their respective powers and responsibilities, and shall include, but shall not be limited to, the following:

(i) Management fees and expenses of administration, including legal and accounting fees;

(ii) Charges for utilities serving the common elements and charges for other common services;

(iii) The cost of any master, blanket or other insurance policies purchased for the benefit of all

Unit Owners and the Association as permitted or required by this Declaration;

(iv) The expense of maintenance, operation and repair of the common elements including, without limitation, the maintenance and repair which is the responsibility of the Association under the provisions of Article VII hereof, if such expense is not covered by a special assessment;

(v) Charges for utilities or other common services provided to the Units and not separately metered;

(vi) Such other expenses as may be determined from time to time by the Board of Directors of the Association to be common expenses, including, without limitation, taxes and governmental charges such as sanitary taxes not separately assessed against each Unit;

(vii) The establishment and maintenance of a reasonable reserve fund or funds for maintenance, repair and replacement of those common elements that must be replaced on a periodic basis and of a reserve to cover operating contingencies or deficiencies arising from unpaid assessments or liens, emergency expenditures and other matters, as may be authorized from time to time by the Board of Directors; and

(viii) The costs of any capital improvement to be made upon the common elements, provided that such capital improvements, other than the repairing, rebuilding or reconstructing of any portion of the common elements damaged or destroyed by casualty, has been approved by a vote of more than two-thirds (2/3) of the Unit Owners entitled to vote represented at a meeting of the members of the Association at which a quorum was present and with respect to which notice was given that consideration of such capital improvement was a purpose of such meeting and by Declarant, so long as Declarant owns any Unit primarily for the purpose of sale.

5.3.2 Annual Budget and Assessment. At least thirty (30) days prior to the commencement of each fiscal year of the Association, the Board of Directors shall prepare an annual budget for the succeeding fiscal year, which budget shall estimate the amount of common expenses that are anticipated during such year, including, without limitation, the items set forth in Section 5.3.1 above. Said annual budget shall be submitted in writing to the Unit Owners and contain a notice of the amount of the annual assessment payable by each Unit Owner during such fiscal year. Said annual budget and the amount of the annual assessment shall be subject to the approval of the Unit Owners as set forth in the Bylaws. If the annual budget approved by the Unit Owners proves insufficient for any reason during the course of the fiscal year to which it applies, the Board of Directors shall prepare an amendment to such budget, which shall be submitted to the Unit Owners and be subject to their approval in the same manner as the annual budget, except as specifically provided in this Declaration. Unless otherwise determined by the Board of Directors, each Unit Owner shall pay the annual assessment to the Association in equal monthly installments on or before the first day of each month. In addition, any fees, charges, and other amounts which shall be payable by any Unit Owner to the Association, whether by special assessment or otherwise, shall be added to and shall, unless paid at the time the same are incurred or at some other time determined by the Board of Directors, be due and payable as part of the installment of the assessment next coming due.

5.3.3 Application of Common Funds. All funds received and all properties acquired by the Association and the proceeds thereof, including, without limitation, any excess of assessments, shall be held for the benefit of the Unit Owners to be applied as common funds to the payment of the common expenses. Any excess amounts remaining after such application shall appertain to the Units in proportion to the undivided percentage interests in the common elements appurtenant thereto, and the Board of Directors, by resolution and without the necessity of a vote of the Unit Owners, shall determine to apply such excess or any portion thereof in reduction of the subsequent year's assessments, or to allocate the same to one or more reserve accounts of the Association described above, or to distribute said surplus to the Unit Owners.

5.4 Special Assessments. The Board of Directors may, but shall not be obligated to, make special assessments from time to time during the fiscal year of the Association for extraordinary items, including, by way of example, repair of the roof or parking lot, which are not funded in the annual budget as it may be amended. Any special assessments made can be allocated as set forth below:

(i) Any common expenses of the Association benefiting less than all of the Units shall be assessed equitably among the Units so benefited;

(ii) Any common expenses of the Association occasioned by the conduct of less than all of the Unit Owners or Occupants shall be specially assessed against the Unit or Units, the conduct of any Unit

Owner or Occupant of which occasioned any such common expense;

(iii) Any common expenses of the Association for any benefit significantly disproportionately benefiting a portion of the Units over the remainder of the Units shall be assessed among all of the Units based on the proportion of benefit to each Unit; and

(iv) Any common expenses of the Association associated with the maintenance, repair or replacement of any limited common elements, the responsibility of which maintenance, repair or replacement is that of the Unit Owner of the Unit to which that limited common element was assigned at the time such expenses were made or incurred, shall be specially assessed against such Unit; however, if any such limited common element was assigned at that time to more than one Unit, such common expenses shall be specifically assessed against each such Unit equally (so that the total of such special assessments equals the total of such expenses). This provision shall in no way be deemed to limit the responsibility of the Unit Owners for the performance of the general maintenance, repair and replacement of the limited common elements assigned to their Unit as herein stated.

Any excess amounts remaining after the expenditures have been made for the item for which the Special Assessment was made shall be distributed to the Unit Owners who paid such Special Assessment in the same proportion said Unit Owner's share bore to the entire Special Assessment.

5.5. <u>Non-Payment of Assessment</u>. In addition to all other remedies provided by law, the Association may enforce collection of all delinquent general and special assessments, together with such other amounts as may be owing the Association, as provided in this Section 5.5. Any assessment, or portion thereof, not paid when due shall be deemed delinquent.

5.5.1 <u>Late Charges and Interest</u>. Any delinquent assessment or installment not paid within five (5) days after the due date shall bear a late charge in the amount of the greater of Ten Dollars and No/100 ($10.00) or ten percent (10%) of the amount of each assessment or installment not paid when due. In addition, any delinquent assessment or portion thereof, together with authorized late charges, shall bear interest from the date of delinquency until paid at eight percent (8%) per annum.

5.5.2 <u>Additional Remedies</u>. If any delinquent assessment or portion thereof is not paid within ten (10) days after written notice is given to the Unit Owner to make such payment, the Board of Directors may invoke the following remedies:

(i) The entire unpaid balance of the assessment may be accelerated at the option of the Board of Directors and may be declared due and payable in full, and foreclosure proceedings may be instituted to enforce the lien of the Association;

(ii) The voting rights appurtenant to the Unit may be suspended until full payment of all outstanding assessments and penalties or interest due thereon;

(iii) The Association may bring an action at law against the Unit Owner personally obligated to pay the same; and

(iv) The Association may foreclose its lien against such Unit Owner's Unit, in which event late charges, interest and costs of collection shall be included in such lien, with such costs of collection to include court costs, the expenses of sale, any expenses required for the protection and preservation of the Unit, and reasonable attorneys' fees actually incurred.

Any such notice shall be sent by certified mail, return receipt requested, to the Unit Owner both at the address of the Unit and at any other address or addresses the Unit Owner may have designated to the Association in writing, specifying the amount of the assessments then due and payable, including any authorized late charges and interest accrued thereon.

5.5.3 Collection. All payments on account shall be applied first to the aforesaid costs of collection, then to late charges, then to interest, and then to the assessment lien first due. All late charges and interest collected shall be credited to the common fund of the Association to be applied against the common expenses. Each Unit Owner vests in the Board of Directors the right and power to bring all actions against him personally for the collection of such assessments as a debt and to foreclose the aforesaid lien in the manner set forth in Section 35-8-17 of the Act.

ARTICLE VI

INSURANCE

6.1 Purchase of Insurance. The Association shall obtain and maintain at all times the types of insurance policies set forth in this Article VI containing the provisions and in the amounts set forth herein. The premiums and deductibles for such insurance policies shall be a common expense of the Association. The Board of Director, at its discretion, may enter into an agreement with any institutional trustee to supervise the distribution of any insurance proceeds paid under policies of insurance maintained by the Association.

6.2 Types of Insurance. The types of insurance policies required are:

(i) A casualty insurance policy or policies affording fire and extended coverage insurance for, and in an amount consonant with the full replacement value of, all structures and other insurable improvements within the Condominium: provided, however, that the Association may exclude from such coverage (a) improvements and betterments made by the Unit Owners, and/or (b) structures covered by builder's risk insurance in an amount consistent with the full replacement value thereof, but only during such period of time as such builder's risk insurance remains in full force and effect and only on the condition that the Association is named as an additional insured;

(ii) A liability insurance policy or policies, in amounts determined by the respective Boards of Directors, but not less than $500,000 for injury, including death, to a single person, $1,000,000 for injury or injuries, including death, arising out of a single occurrence, and $50,000 property damage, covering the Association, the Board of Directors and the Officers of Association, all agents and employees of the Association and all Unit Owners and Occupants of any portion of the Condominium; and

(iii) Such other insurance policies, including, without limitation, fidelity insurance policies, a blanket flood insurance policy, if required as a condition to institutional lenders making first mortgage loans on the Units, and such other insurance policies as may be permitted or required under the Bylaws, in the amounts of coverage as may be required by law or authorized by the Board of Directors from time to time; including, without limitation, casualty and liability insurance and fidelity bond coverage as specified in the FNMA Lending Guide, Chapter Three, Part 5, Insurance Requirements.

6.3 Unit Owners' Policies. The Unit Owners and mortgagees may purchase and carry at their own expense any type of insurance policy or policies as they may desire from time to time; provided, however, that in no event shall any recovery or payment under any insurance policy obtained by the Association be affected or diminished by any such policy and no such policy shall provide for contribution by any insurance policy obtained by the Association nor shall it decrease in any other way the amount which the Association may realize under any insurance policy which it may have in force on any portion of the Submitted Property at any particular time.

ARTICLE VII

MAINTENANCE AND REPAIR

Except as specifically provided in Article VIII below, with respect to damage or destruction, the general maintenance and repair of the Submitted Property shall be performed as follows:

7.1 Units. Each Unit Owner shall be responsible, at his sole cost and expense, for the maintenance, repair and replacement of all portions of his Unit and the limited common elements assigned thereto, except as provided in Section 7.4 below. The responsibility of the Unit Owner shall include, without limitation, the maintenance, repair and replacement of all fixtures, equipment, appliances and heating and air-conditioning systems, together with all chutes, flues, ducts, conduits, wires, pipes or other apparatus serving the Unit, whether such shall be located within the boundaries of the Unit or shall be a limited common element assigned thereto. In addition, each Unit Owner shall be responsible for the maintenance, repair and replacement of the exterior doors, glass surfaces, window and porch screens, and exterior lighting serving his Unit, irrespective of whether the same shall be located within or without the boundaries of such Unit. No Unit Owner shall paint or otherwise change in any respect the exterior appearance of his Unit, or of any other portion of the Submitted Property, including, without limitation, any of the limited common areas assigned to his Unit, without the prior written consent of the Association's Board of Directors.

7.2 Common Elements. The Association shall be responsible at its sole cost and expense, for the maintenance, repair and replacement of all of the common elements, except the limited common elements and except as provided in Section 7.4 below. The responsibility of the Association shall include, without limitation, the maintenance, repair and replacement of all exterior walls and surfaces bounding the Units and all utility lines, chutes, flues, ducts, pipes, wires, conduits and other apparatus located outside the boundaries of any Unit which do not constitute limited common elements.

7.3 Liability of the Association. Except as may be otherwise provided by the Act, the Association shall not be liable for injury or damage to a person or property caused by the elements, by any Unit Owner or by any other person, or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the common elements or from any pipe, drain, conduit, appliance or equipment, including those the responsibility for the maintenance of which is that of the Association nor shall the Association be liable to any Unit Owner for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the common elements. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association or from any action taken by the Association to comply with any law, ordinance, order or directive of any municipal or other governmental authority.

7.4 General Provisions. Each Unit Owner and the Association shall be responsible to each other to repair any incidental damage done to a portion of the Submitted Property, which is the responsibility of the other, in the performance of its duties set forth in this Article VII. Otherwise, neither any Unit Owner nor the Association shall alter or change in any manner that portion of the Submitted Property which is the responsibility of another without the prior written consent of the other. Each Unit Owner and the Association shall perform their respective responsibilities under this Article VII in such a manner as not to unreasonably disturb any Unit Owner or Occupant. Each Unit Owner shall promptly report to the Association any defect in or need for repairs to any portion of the Submitted Property which is the responsibility of the Association. Anything herein to the contrary notwithstanding, in the event a Unit Owner fails or refuses to perform any work required under this Article VII upon notice from the Association to do so, the Association shall have the right, but not the responsibility, to perform or have performed such work, the cost of which shall be added and become a part of the monthly assessment installment of such Unit Owner next due. In the event the Board of Directors shall determine that the need for any maintenance or repair work to be performed by the Association as provided in this Article VII is caused through the willful or negligent act of a Unit Owner or Occupant, the cost of performing such maintenance or repair work shall be added to and become a part of the monthly assessment installment of such Unit Owner next due.

ARTICLE VIII

DAMAGE OR DESTRUCTION

8.1 Determination to Repair or Rebuild. As soon as practicable following any damage to or destruction of any portion of the Submitted Property covered by any insurance maintained by the Association, the Board of Directors shall proceed with the filing and adjustment of all claims arising under such insurance as a result of such damage or destruction and shall obtain reliable and detailed estimates of the cost of repairing or restoring such portion of the Submitted Property to substantially the same condition in which it existed prior to the occurrence of such damage or destruction, excluding improvements and betterments made by a Unit Owner or Occupant.

8.1.2 Common Elements. Each Unit Owner and each mortgagee of a Unit, by acceptance of a deed or other conveyance of a Unit, agrees that any damage to or destruction of any portion of the common elements, excluding any limited common elements, shall be repaired or rebuilt unless the Unit Owners, and their First Mortgagees, to which at least two-thirds (2/3) of the votes in the Association are allocated, shall determine, within sixty (60) days after the occurrence of such damage or destruction, not to repair or rebuild the same; provided, however, that during such time as Declarant owns a Unit or Units primarily for the purpose of sale, any such determination not to repair or rebuild shall require the agreement of Declarant and of the Unit Owners, and their First Mortgagees, to which at least two-thirds (2/3) of the votes in the Association are allocated exclusive of the votes appertaining to Units owned by Declarant.

8.1.3 Units. Each Unit Owner and each mortgagee of a Unit, by acceptance of a deed or other conveyance to a Unit, hereby agrees that any damage to or destruction of any Unit or the limited common elements assigned thereto shall be repaired, reconstructed or rebuilt unless:

(i) the cost of such repair or reconstruction shall be more than fifty percent (50%) of the full replacement cost of such Unit and/or limited common elements, or such Unit and/or limited common elements are located in a building, seventy-five percent (75%) or more of which is damaged or destroyed; and

(ii) within sixty (60) days after the occurrence of such damage or destruction the Unit Owner and First Mortgagee of such damaged or destroyed Unit or limited common elements, together with the Unit Owners and First Mortgagees of all of the other Units contained within the building in which such Unit is located, and together with Unit Owners, and their First Mortgagees, to which at least two-thirds (2/3) of the votes in the Association are allocated, shall all determine not to repair, reconstruct or rebuild such damaged or destroyed Unit or limited common elements; provided, however, that during such time as Declarant owns a Unit or Units primarily for the purpose of sale, any such determination not to repair, reconstruct or rebuild shall also require the agreement of Declarant.

8.2 Repair and Rebuilding. All of the work of repairing or rebuilding any portion of the Submitted Property, the damage to or destruction of which resulted in the payment of any insurance proceeds under any insurance policy maintained by the Association shall be the responsibility of the Association and shall be performed under the supervision of the Board of Directors. In discharging such supervisory responsibility, the Board of Directors shall be authorized, but shall not be obligated, to employ as their agent or consultant such building supervisors or architects as the Board of Directors shall determine. Any fees which shall be payable to any such building supervisor or architect as shall be employed by the Board of Directors shall be a common expense of the Association.

8.2.1 Common Elements. Any repair, reconstruction or rebuilding of any portion of the common elements, excluding any limited common element, shall be substantially in accordance with the plans and specifications for the damaged or destroyed property prior to the occurrence of such damage or destruction, or in accordance with such different plans and specifications as may be approved by the Board of Directors and the Unit Owners, and their First Mortgagees, to which at least two-thirds (2/3) of the votes of the Association are allocated. The cost of repairing, reconstructing or rebuilding such portion of the common elements shall be paid with any insurance proceeds which shall be paid to the Association on account of such damage or destruction. If such insurance proceeds, together with any amounts as may be available from any reserve funds maintained by the Association for such purposes, are not sufficient to defray such costs of such repairing, reconstructing or rebuilding, then the Board of Directors shall levy a general assessment against all of the Units to raise the excess funds necessary to defray such costs, which assessment shall not be subject to approval by the Unit Owners.

8.2.2 Units. Any repair, reconstruction or rebuilding of any Unit or the limited common elements assigned thereto, shall be substantially in accordance with the plans and specifications for the damaged or destroyed Unit prior to the occurrence of such damage or destruction, or in accordance with such different plans and specifications as may be approved by the Board of Directors and the Unit Owner and First Mortgagee of such Unit. The cost of repairing, reconstructing or rebuilding such Unit and the limited common elements assigned thereto, shall be paid with the insurance proceeds which shall be paid to the Association on account of such damage or destruction to such Unit or such limited common elements. If any amounts shall remain after all of the costs and expenses of repairing, reconstructing or rebuilding the Unit or such limited common elements are paid, such amounts shall be paid to the Unit Owner. If the amount held by the Association for such Unit or such limited common elements is not sufficient to pay the cost of such repair or reconstruction, then the Board of Directors shall levy a special assessment against the Unit Owner of such Unit to raise the excess funds necessary to pay such costs.

8.3 Common Elements and Units Not Rebuilt. In the event it is determined, in accordance with the provisions of this Article VIII, that any damaged or destroyed common elements, excluding any limited common elements, shall not be repaired, reconstructed or rebuilt, then any insurance proceeds paid to the Association on account of such damage or destruction shall be applied as common profits as set forth in Section 5.3.3 above. In the event it is determined in accordance with the provisions of this Article VIII that any damaged or destroyed Unit shall not be repaired, reconstructed or rebuilt, then the following provision shall control:

(i) The entire undivided interest in the common elements appertaining to such Unit shall thereafter appertain to the remaining Units, being allocated in proportion to their undivided interests in the common elements immediately prior to such allocation, and any remaining portion of such damaged or destroyed Unit shall thereafter be a part of the common elements. Liability for assessments appertaining to such Unit shall thereafter also appertain to the remaining Units, being allocated in proportion to their relative liability for assessments immediately prior to such allocation, the vote in the Association appertaining to such Unit shall be null and void and the total number of votes in the Association shall be correspondingly reduced; and

(ii) The Association shall deduct from any insurance proceeds paid to the Association on account of the damage or destruction of such Unit, such amount as is necessary to cover the expense of removal of debris from and landscaping of the area where the damaged or destroyed Unit was located, and any remaining proceeds shall be paid to the Unit Owner of such damaged or destroyed Unit in proportion to the total damage for which proceeds are received, and thereupon such Unit Owner shall have no further right, title or interest in the Condominium.

8.4 Rights of Mortgagees. Anything herein to the contrary notwithstanding, and in addition to the rights of mortgagees elsewhere set forth in this Declaration, in all cases in which there is a mortgagee endorsement with respect to an insurance policy for a Unit, any insurance proceeds provided to be disbursed to the Unit Owner of such Unit shall be disbursed jointly to such Unit Owner and such mortgagee, who shall use such proceeds as they alone may determine. This is a covenant for the benefit of any such mortgagee and may be enforced by any such mortgagee.

ARTICLE IX

RESTRICTIONS

9.1 Residential Use. All Units shall be restricted exclusively to residential use. In no event shall such use lead to an increase in fire or other insurance premiums otherwise payable on insurance obtained by the Board of Directors or individual Owner, as the case may be. No Unit or any limited common element, or any portion thereof, shall at any time be used for any commercial, business or professional purpose. Nothing set forth in this Section 9.1 shall prohibit Declarant from conducting such development, sales and promotional activities on the Submitted Property as it shall determine or from using any Units owned by it in connection therewith. Nothing set forth in this Section shall be construed as prohibiting the use of Units for residential rental purposes.

9.2 Exterior Appearances. No construction, painting or other changes or additions of any nature whatsoever shall be made by any Unit Owner (except Declarant so long as Declarant owns a Unit primarily for the purpose of sale) with respect to the exterior of any Unit or any portion of the common elements, including the limited common elements, without the prior written consent of the Board of Directors.

9.3 Leasing. All leases shall be in writing and shall specifically provide that they are made subject to all provisions of this Declaration, the Articles, the Bylaws and the Act. Each Unit Owner shall have the responsibility of causing his lessees, and such other Occupants of his Unit, to comply with and abide by all such provisions, and their failure to do so may be the basis for the imposition of a charge or fine against such Unit Owner. Anything herein to the contrary notwithstanding:

(i) Any Unit Owner may share the occupancy of his Unit with another person;

(ii) Declarant may use any Unit for the temporary or permanent housing of any of its agents or employees so long as Declarant owns a Unit primarily for the purpose of sale: and

(iii) Any First Mortgagee in possession of a Unit following a default in the first mortgage on such Unit or following its acquisition of title by foreclosure or a deed in lieu of foreclosure, shall have the right to lease such Unit subject to all provisions of this Declaration, except this Section 9.3, and subject to the Articles, the Bylaws and the Act.

9.4 Signs. No sign or billboard of any kind shall be displayed on the common elements or so as to be visible from the common elements, except project signs or directories installed by the Association. Declarant, however, may erect and maintain such signs and other advertising devices or structure as it may deem necessary or proper in connection with the conduct of its operations for the development, improvement and sale of the Submitted Property.

9.5 Use of Common Elements. The common elements shall be used for the furnishing of services and facilities for which the same are reasonably intended and for the enjoyment of the Units. The use, operation and maintenance of the common elements shall not be obstructed, damaged or unreasonably interfered with by any Owner.

9.6 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on in any Unit nor shall anything be done or placed therein which interferes with or jeopardizes the enjoyment of other Units or the common elements or which is a source of annoyance to occupants. No unlawful use shall be made of the Condominium nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

9.7 Exterior Lighting; Antennas. Except with the consent of the Board of Directors, no exterior lighting or noisemaking devices shall be installed or maintained on any Unit and no antennas or transmitting towers shall be affixed to the common elements.

9.8 Trash. No part of any Unit or any part of the common elements shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. No garbage, trash or other waste shall be kept or maintained on any part of the Submitted Property except in sanitary containers in the areas designated by the Board of Directors.

9.9 Parking. Any parking spaces in the Condominium which are not specifically designated parking spaces for certain individuals by virtue of this Declaration, the Bylaws, or the Plat or Plans shall be for the use and enjoyment of each Unit Owner. No trailers of any kind, recreational vehicles, motorcycles, campers, boats or similar equipment may remain parked on the Submitted Property, except when being used for delivery, service, loading or unloading or similar temporary use, unless the Board of Directors has given prior written permission. Any disputes with respect to parking may be referred to the Board of Directors for review and disposition.

9.10 Rules and Regulations. In addition to the restrictions set forth in this Article IX, the use and enjoyment of the Submitted Property shall also be subject to the rules and regulations adopted by the respective Boards of Directors from time to time or provided in the Bylaws. The Association and the Board of Directors shall have the rights and powers to enforce said rules and regulations as provided by this Declaration, the Bylaws or the Act. Anything in such rules and regulations, this Declaration or the Bylaws to the contrary notwithstanding, as long as Declarant owns a Unit primarily for the purpose of sale, it shall be expressly permissible for Declarant, its contractors, agents, employees, assigns and representatives, to maintain and carry on, upon such portion of the Submitted Property as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the development, sales and promotional activities of Declarant, including without limitation, business offices, signs, model units and sales offices. The right to maintain and carry on such facilities and activities shall include the right to use the parking facilities on the Submitted Property for such purposes and to use the Units owned by Declarant as model Units and as offices for the sale of the Units and related activities.

ARTICLE X

GENERAL PROVISIONS

10.1 Amendment. Except to the extent expressly permitted or required by other provisions of this Declaration, the Act or any other applicable statute, this Declaration may be amended at any time and from time to time only upon the agreement of Unit Owners to which at least two-thirds (2/3) of the votes of the Association are allocated; provided however that during such time as Declarant has the right to control the Association pursuant to Section 4.4 herein, any amendment to this Declaration shall require the agreement of Declarant and of the Unit Owners to which at least two-thirds (2/3) of the votes in the Association are allocated, exclusive of the votes appertaining to Units owned by Declarant. Except as expressly permitted or required by the Act and this Declaration, any amendment to this Declaration which would change the boundaries of any Unit or the undivided interest in the common elements, the number of votes in the Association or the liability for common expenses appertaining to any Unit, shall be subject to the approval of all Unit Owners and the First Mortgagees of all Units. Anything herein to the contrary notwithstanding, any amendment to this Declaration, which would change, alter, modify or rescind any right, title, interest or privilege herein expressly granted to any First Mortgagee of a Unit, shall require the prior written approval of such mortgagee. Agreement of the required majority of Unit Owners to any amendment of this Declaration shall be evidenced by their execution of the amendment, or, in the alternative, and provided that Declarant does not then have the right to appoint and remove members of the Board of Directors or Officers, the sworn statement of the President, any Vice President or Secretary of the Association, attached to or incorporated in an amendment executed by the Association, in which sworn statement it is stated unequivocally that agreement of the required majority of Unit Owners was otherwise lawfully obtained. Any such amendment of this Declaration, shall become effective only when recorded or at such later date as may be specified in the amendment itself. The approval and agreement of any mortgagee required with respect to such amendment shall be in writing and shall also be recorded with such amendment.

10.2 Eminent Domain.

(a) If any portion of the common elements is taken by eminent domain, the award therefor shall be allocated to the Unit Owners in proportion to their respective undivided interests in the common elements; provided, however, that the portion of the award attributable to the taking of any permanently assigned limited common element shall be allocated to the Unit Owner of the Unit to which that limited common element was so assigned at the time of the taking. If any limited common element is permanently assigned to more than one Unit at the time of taking, the portion of the award attributable to the taking thereof shall be allocated in equal shares to the Unit Owners of the Units to which it was so assigned.

(b) If one or more Units are taken by eminent domain, the undivided interest in the common elements pertaining to any such Units shall then pertain to the remaining Units to be allocated to them in proportion to their respective undivided interests in the common elements.

(c) If a portion of any Unit is taken by eminent domain, the undivided interest in the common elements pertaining to any such Unit shall be reduced, in the case of each such Unit, in proportion to the diminution in the fair market value of such Unit resulting from the taking. The portion of undivided interest in the common elements thereby divested from the Unit Owner of any such Unit shall be allocated among that Unit and the other Units in the Condominium in proportion to their respective undivided interests in the common elements. Any Units partially taken shall participate in such allocation on the basis of their undivided interests as reduced in accordance with the preceding sentence.

(d) If the taking of a portion of any Unit makes it impractical to use the remaining portion of that Unit for the primary purpose permitted hereby, the entire undivided interest in the common elements pertaining to that Unit shall then pertain to the remaining Units, to be allocated to them in proportion to their respective undivided interests in the common elements, and the remaining portion of that Unit shall thenceforth be a part of the common elements.

(e) Votes in the Association and liability for future common expenses pertaining to any Unit or Units taken or partially taken by eminent domain shall then pertain to the remaining Units, to be allocated to them in proportion to their relative voting strength in the Association and liability for common expenses, respectively.

with any Unit partially taken participating in such reallocation as though its voting strength and its liability for common expenses in the Association had been reduced in proportion to the reduction in its undivided interest in the common elements.

(f) If any Unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the first mortgagee of any Unit will be entitled to written notice of any such proceeding or proposed acquisition, and no provision of this Declaration or of any other condominium instrument establishing the Condominium will entitle the Unit Owner or other person to priority over any such mortgagee with respect to the distribution of the proceeds of any award or settlement relating to such Unit.

10.3 Termination and Withdrawal of Submitted Property. The Condominium may be terminated or abandoned only by the agreement of (a) all the Unit Owners, (b) all mortgagees of any Unit or Units within the Condominium, and (c) the Declarant, if at that time Declarant has the right to control the Association pursuant to Section 4.4 hereof. All or a portion of the Submitted Property may be withdrawn from the Condominium only in strict accordance with the Act.

10.4 Duration of Covenants. Unless the Condominium is terminated as herein provided, the provisions of this Declaration shall run with and bind the land, shall be binding upon and inure to the benefit of all Unit Owners and mortgagees, their heirs, executors, legal representatives, successors and assigns, and shall be and remain in effect perpetually to the extent permitted by Alabama law; provided, however, that so long as Alabama law limits the period during which covenants restricting lands to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land only so long as permitted by such law, and it shall be the duty of the Board of Directors to cause this Declaration to be amended of record when necessary by filing a document bearing the signatures of Unit Owners having a majority of the votes in the Association reaffirming and newly adopting such provisions in order that the same may continue to be covenants running with the land of the Condominium. Such adoption by a majority shall be binding on all Unit Owners. Every Unit Owner, by acceptance of a deed or other conveyance of a Unit, irrevocably agrees that such provisions of this Declaration may be renewed and extended as provided in this Section.

10.5 Terminology. All personal pronouns used in this Declaration whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles of articles and sections are for convenience only and neither limit nor amplify the provisions of this Declaration, and all references herein to articles, sections or subsections shall refer to the corresponding articles, sections or subsections of this Declaration unless specific reference is made to articles, sections or subsections of another document or instrument.

10.6 Severability. If any provisions of this Declaration or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Declaration and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

10.7 Rights of First Mortgagees. All First Mortgagees shall be entitled, upon written request to the Association, to receive the financial statement of the Association for the immediately preceding fiscal year.

10.8 Rights of Lenders: Upon written request to the Association, identifying the name and address of the Lender and the Unit number or address for which information is required, any Lender will be entitled to receive timely written notice of:

i) Any condemnation or casualty loss that affects either a material portion of the condominium or the Unit securing any such individual Lender's security interest (including, but not limited to, a deed to secure debt or a mortgage) in such Unit.

ii) Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit securing such individual Lender's security interest (including, but not limited to, a deed to secure debt or a mortgage) in such Unit.

iii) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

iv) Any proposed action which requires the consent of a specified percentage of Lenders.

10.9 Author. The author of this Declaration is Carol A. Brittain, Esq., One Ravinia Drive, Suite 1600, Atlanta, Georgia 30346.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed, under seal, on the day and year first above written.

SCOTT-MAXCO, an Alabama joint venture

By: [signature]

By: Maxco, Inc., a Georgia corporation

By: [signature]
President

(CORPORATE SEAL)

State of Georgia
County of DeKalb

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that J. Stephen Vasen, whose name as the President of Maxco, Inc., a Georgia Corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this date that being informed of the contents of the instrument, he executed the same voluntarily on behalf of Maxco, Inc. on the day of its date.

Given under my hand and seal this 24th day of April, 1986.

[signature]
Notary Public

My Commission Expires: Notary Public, Georgia, State at Large
My Commission Expires Apr. 3, 19[illegible]

(Affix Notarial Seal)

STATE OF Alabama

COUNTY OF Baldwin

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Emory William Scott, Jr., 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 the instrument, he executed the same voluntarily on the day of its date.

Given under my hand and seal this 6th day of May, 1986.

Patricia [illegible]
Notary Public

My Commission Expires:
March, 20, 1989.
(Affix Notarial Seal)

EXHIBIT "A"

That part of Lots 7, 8, and 9, Block 1, according to the map of MAP OF UNIT 5, GULF SHORES, ALABAMA, recorded in Map Book 3, at Page 121 in the Probate Office of Baldwin County, Alabama, and being more particularly described as follows: Beginning at an old iron pipe at the southeast corner of Lot 7, Block 1, according to the MAP OF UNIT 5, GULF SHORES, ALABAMA recorded in Map Book 3, at Page 121 of the Probate Office of Baldwin County, Alabama; thence from said point of beginning run North 0 degrees 13 minutes West along the East line of said Lot 7 for 161.66 feet to an iron pipe; thence run South 77 degrees 47 minutes West for 149.00 feet to an iron pipe 2.93 feet west of the west line of said Lot 8 of Unit 5; thence run South 0 degrees 13 minutes East along a line 2.93 feet west of and parallel with the said west line of Lot 8 for 161.66 feet to a point on the north right-of-way of East Beach Boulevard; thence run North 77 degrees 47 minutes East along the north margin of said East Beach Boulevard for 3.00 feet to an old iron pipe at the southwest corner of said Lot 8; thence continue North 77 degrees 47 minutes East along said north right-of-way for 146.00 feet to the point of beginning; said tract or parcel being shown on that certain Map & Survey for The Beachwalk Condominium, dated June 12, 1985, prepared and certified by W. H. Sommerville, Jr., Alabama Registered Surveyor No. 7526.

EXHIBIT "B"

UNDIVIDED INTEREST IN COMMON ELEMENTS

A one-eighteenth (1/18th) undivided interest in the common elements, and a one-eighteenth (1/18th) share of the common expenses, shall be allocated to each Unit made a part of the Condominium by this Declaration of Condominium.

EXHIBIT "C"

DECLARATION OF CONDOMINIUM FOR
THE BEACHWALK CONDOMINIUM

Description of Boundaries of Units

The perimetrical or vertical boundaries of each Unit are the vertical planes of the interior surfaces of the wood framing of the walls of the Unit, whether such walls are exterior walls or walls separating the Unit from other Units or the common elements, and the vertical planes of the exterior surfaces of windows, screens and entry doors, including sliding glass doors. Such perimetrical Unit boundaries include all sheet rock, lath, wallboard, molding, tiles, wallpaper, paint, and any other material constituting any part of the interior, finished surfaces of the walls enclosing such unit, on the Unit side of said walls, with such framing being a part of the common elements, and are extended to their intersections with each other and the upper and lower horizontal boundaries. The lower horizontal boundary of each Unit is the horizontal plane of the upper surface of the sub-floor of such Unit, and the upper horizontal boundary of each Unit is the horizontal plane of the under surfaces of the roof rafters of the Unit with such sub-floor and framing being a part of the common elements. The upper and lower boundaries of each Unit include the wood, dry-wall, plaster or other material forming the ceiling or floor, as may be applicable, on the Unit side of such sub-floor or framing, as the case may be, and extend to their intersections with the perimetrical boundaries of the Units. Window screens, screens on any screened porch, and all fixtures, equipment and appliances located within the boundaries of each Unit, including, without limitation, portions of the heating and air-conditioning system located without the boundaries of each Unit are deemed to be a part of each Unit; any hot water heater serving a Unit, but located outside the boundaries thereof and any portions of the heating and air-conditioning systems located without the boundaries of each Unit are deemed to be a part of each Unit; any screened porch or sunroom shown or depicted on the Plans is a part of the Unit. If any chutes, flues, ducts, conduits, wires, pipes or any other apparatus lies partially within and partially outside of the designated boundaries of a Unit, any portions thereof which serve only that Unit shall be deemed a part of that Unit, while any portions thereof which serve more than one Unit or any portion of the common elements shall be deemed a part of the common elements. In interpreting deeds and plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or plan, regardless of settling or lateral movement of the building in which the Unit was located, and regardless of minor variance between the boundaries shown on the plans or in a deed and those of the Unit.

EXHIBIT "D" TO DECLARATION OF CONDOMINIUM
OF
THE BEACHWALK CONDOMINIUM

Description of Limited Common Elements

The limited common elements which are located on the Submitted Property are as follows:

1. All portions of the common elements on which there is located any portion of the heating and air-conditioning system exclusively serving a particular Unit or Units shall be a limited common element assigned to the Unit or Units which is or are exclusively served by such heating and air-conditioning system.

2. The parking area located beneath each Unit shall be a limited common element assigned to such Unit.
*

EXHIBIT "E"
DECLARATION OF CONDOMINIUM
OF
THE BEACHWALK CONDOMINIUM

CONTRACTOR'S AND ENGINEER'S CERTIFICATE

The undersigned general contractor hereby certifies and verifies the following:

1. That it is a licensed general contractor in the State of Alabama as Licensed General Contractor No. 15084.

2. That the improvements of The Beachwalk Condominium have been completed as represented by the "Plans" referred to below.

The undersigned professional engineer hereby certifies and verifies the following:

1. That he is a licensed professional engineer in the State of Alabama as Registered Engineer No. 7526.

2. That the improvements of The Beachwalk Condominium have been completed as represented on those certain plans prepared by J. Martin Smith, III, Mobile, Alabama, a registered architect in the State of Alabama, Registered Architect No. 653, and those certain plans entitled "The Beachwalk Condominium" dated June 12, 1985, attested to on March 4, 1986, prepared by William H. Sommerville, Jr., hereinafter referred to as the "Plans", which "Plans" are to be filed with the Judge of Probate of Baldwin County, Alabama, simultaneously with the filing of the Declaration of Condominium for The Beachwalk Condominium to which this Certificate shall be attached and by reference made a part thereof.

The undersigned have executed this CONTRACTOR'S AND ENGINEER'S CERTIFICATE on this the 21st of April 1986.

OMNI SOUTH, INC., General Contractor

By Ann S. Talbert
Ann S. Talbert, President

By Thomas A. Talbert
Thomas A. Talbert, Agent

State of Alabama Licensed General Contractor Number 15084

William H. Sommerville Jr.
William H. Sommerville, Jr.

State of Alabama Registered Engineer Number 7526.

STATE OF ALABAMA)
COUNTY OF BALDWIN)

I, Patricia Morgan, a Notary Public in and for said County in said State, hereby certify that Ann S. Talbert, President of Omni South, Inc., and Thomas A. Talbert, Agent for Omni South, Inc., whose names are signed to the foregoing instrument, and who are known to me, acknowledged before me on this the 21 of April, 1986, that, being informed of the contents of this instrument, they executed the same voluntarily on the day of its date.

My Commission Expires: 3/20/89

Patricia Morgan
Notary Public

PATRICIA MORGAN NOTARY PUBLIC

BOOK 57 PAGE 835

STATE OF ALABAMA)(
COUNTY OF DALLAS)(

I, Patricia R. Sommerville, a Notary Public in and for said County in said State hereby certify that William H. Sommerville, JR, whose name is signed to the foregoing instrument, and who is know to me, acknowledged before me on this the 21st of April, 1986, that, being informed of the contents of this instrument, he executed the same voluntarily on the day ot its date.

My Commission Expires: 11/1/87

Patricia R. Sommerville
Notary Public

NOTARY PUBLIC STATE AT LARGE PAT SOMMERVILLE

BOOK 57 PAGE 836

CONSENT AND SUBORDINATION

By executing in the space provided below, Phenix Federal Savings & Loan Association does hereby consent to the recording of the within and foregoing Declaration and does hereby subordinate the priority and lien of that certain Mortgage recorded in Real Property Book 124, page 874, in the records of the Judge of Probate Court of Baldwin County, Alabama to the terms and conditions of the within and foregoing Declaration and does hereby agree that said Declaration shall be superior to the lien and priority of said Mortgage.

Phenix Federal Savings
& Loan Association

By: C. T. Sasser
Its: PRESIDENT

State of Alabama
County of Russell

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that C.T. Sasser, whose name as the President of Phenix Federal Savings and Loan Association, 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 the instrument, he executed the same voluntarily on behalf of Phenix Federal Savings and Loan Association on the day of its date.

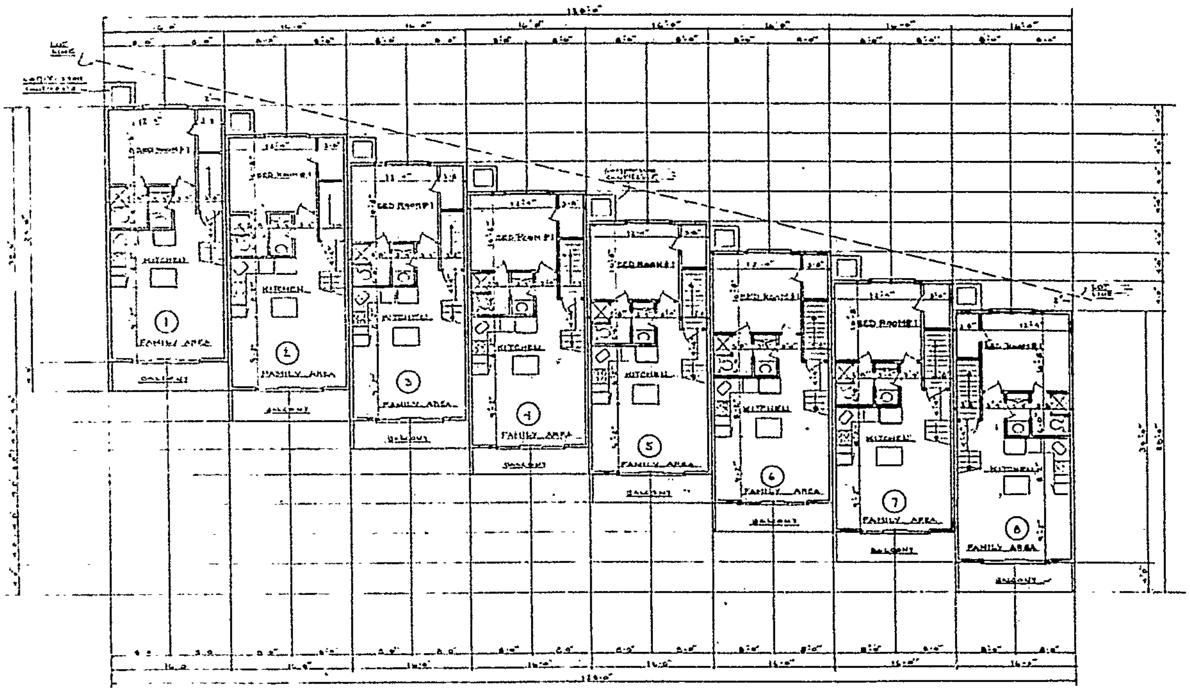
Jeanne L. Adams
Notary Public

My Commission Expires:
MY COMMISSION EXPIRES MAY 12, 1987

(Affix Notarial Seal)

MISC. 57 PAGE 837

MISC. 57 PAGE 838



FIRST FLOOR PLAN

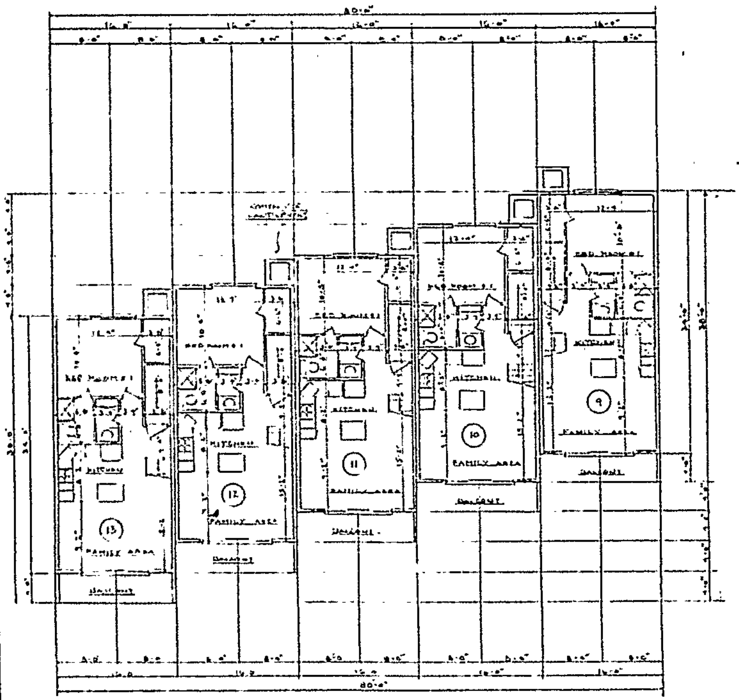
SCALE 1/8"=1'-0"

FRAMING PLAN TYPE "A" 8-UNITS

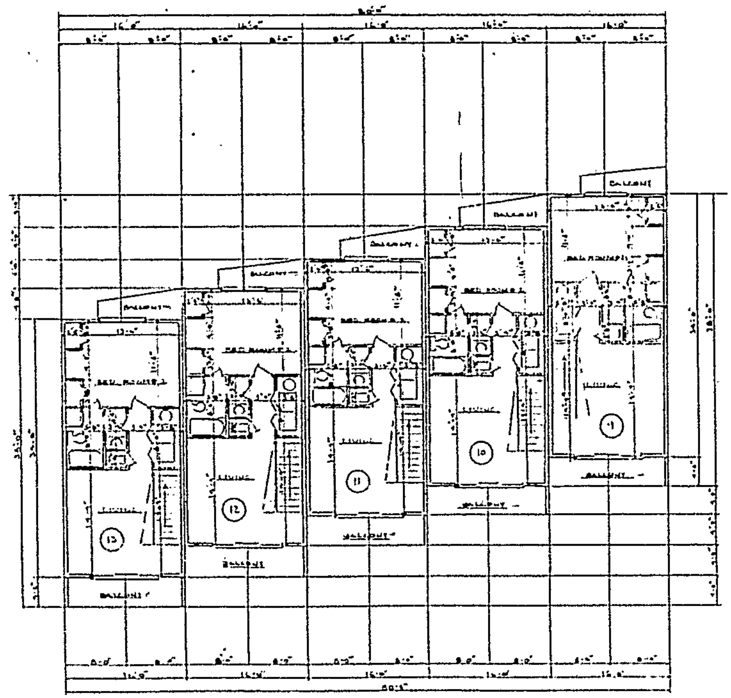
STATE OF ALABAMA
J. MARTIN SMITH III
853
MOBILE, ALA.
REGISTERED ARCHITECT

SHEET NO. 1	PROPOSED CONDOMINIUMS FOR - J. G. ENTERPRISES, INC. GULF SHORES, ALABAMA
OF 11	E. C. LATHAM & CO. — DESIGNERS OFFICE PARK AVE. SUITE 407 MOBILE — ALABAMA

MISC. 57 PAGE 839



FIRST FLOOR PLAN
SCALE 1/8"=1'0"



SECOND FLOOR PLAN
SCALE 1/8"=1'0"

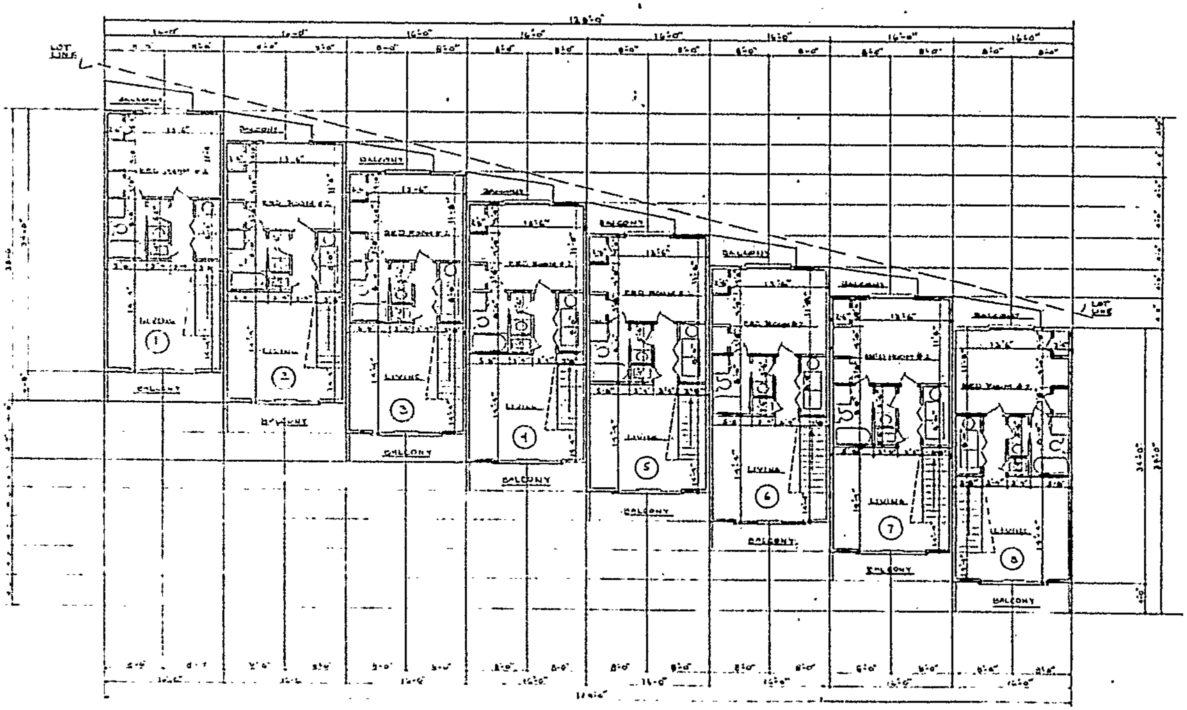
FRAMING PLAN — TYPE 'A' — 5 UNITS

STATE OF ALABAMA · REGISTERED ARCHITECT · 853 · MOBILE, ALA.

SHEET NO. 11 OF 24

PROPOSED CONDOMINIUMS FOR:
J. G. ENTERPRISES, INC.
GULF SHORES, ALABAMA
G. C. LATHAM & CO. — DESIGNERS
OFFICE PARK ONE — SUITE 407
MOBILE, ALABAMA

MISC. 57 PAGE 840



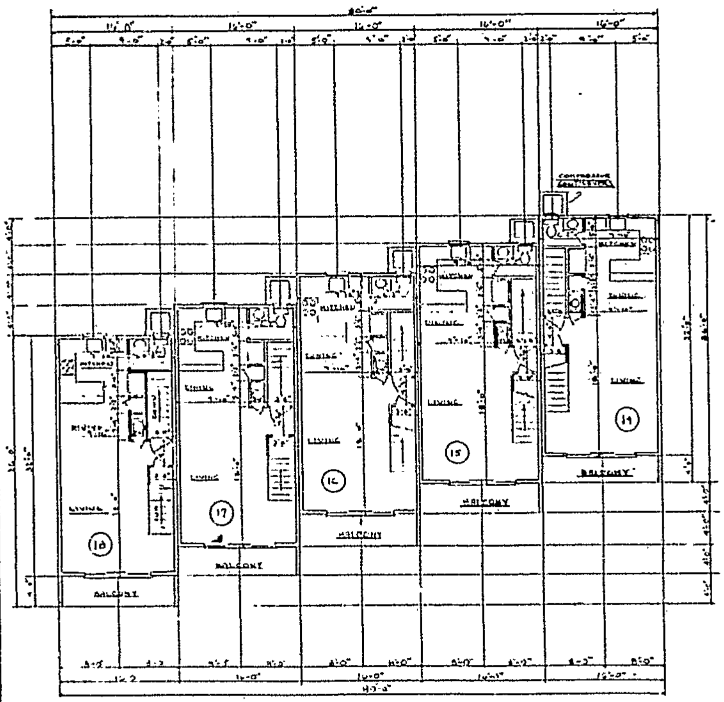
SECOND FLOOR PLAN

SCALE 1/8"=1'-0"

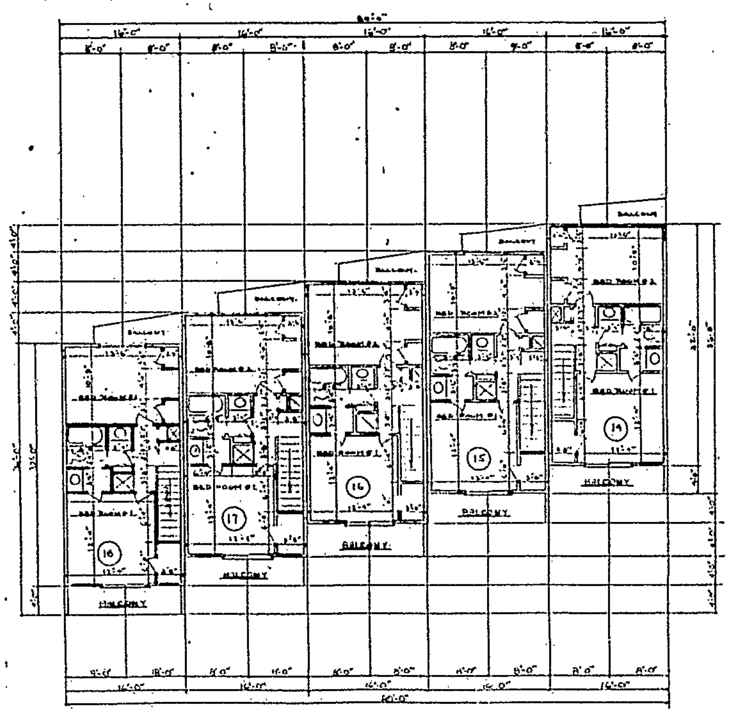
FRAMING PLAN – TYPE "A" – 8 UNITS

SHEET NO. 11	PROPOSED CONDOMINIUMS FOR: J. G. ENTERPRISES, INC. GULF SHORES, ALABAMA
11 / 14	L. G. LATHAM & CO. — DESIGNERS OFFICE PARK ONE — SUITE 407 MOBILE — ALABAMA

MISC. 57 PAGE 841



FIRST FLOOR PLAN
SCALE 1/8" = 1'-0"



SECOND FLOOR PLAN
SCALE 1/8" = 1'-0"

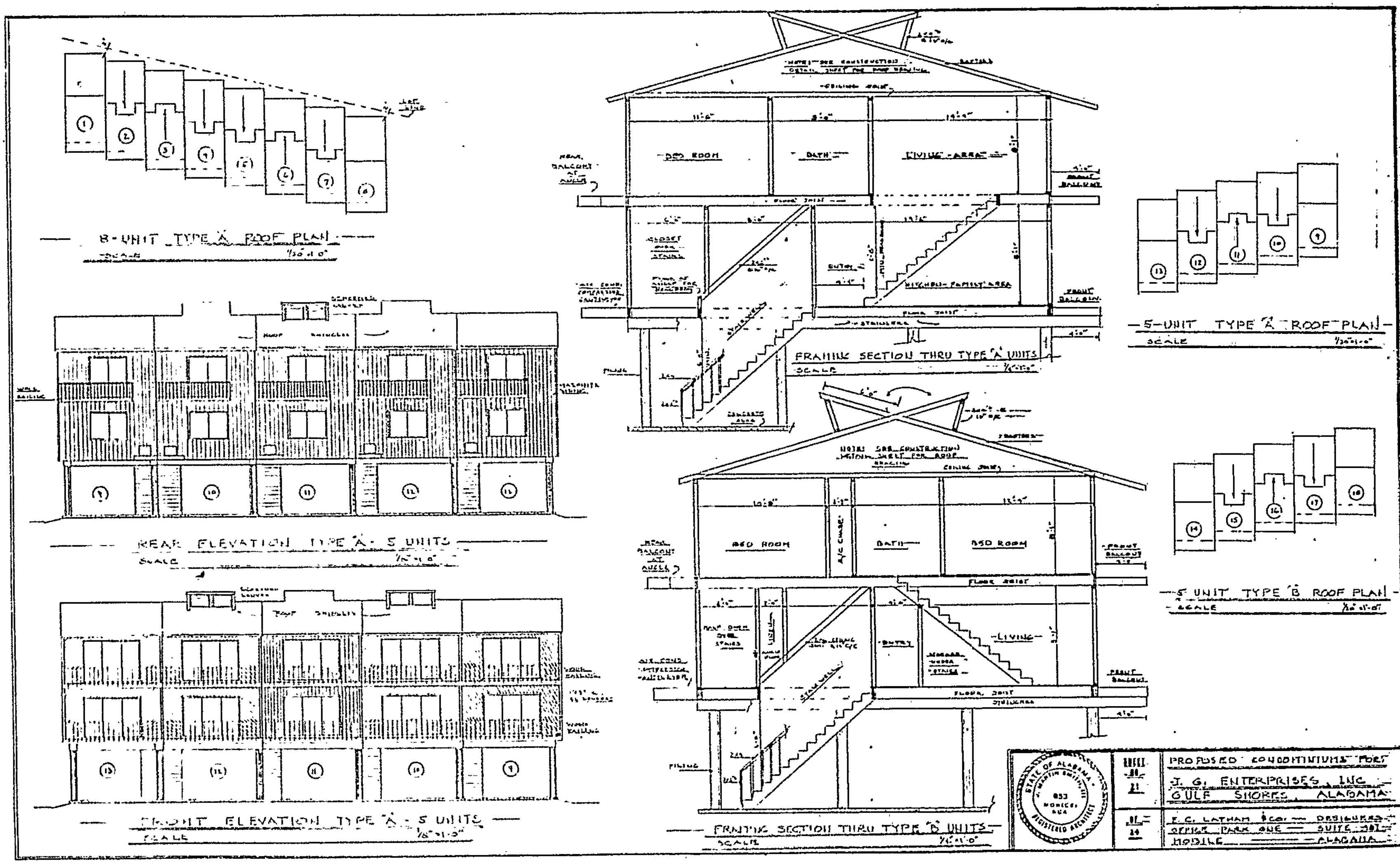
FRAMING PLAN - TYPE "B" - 6 UNITS

STATE OF ALABAMA
REGISTERED ARCHITECT

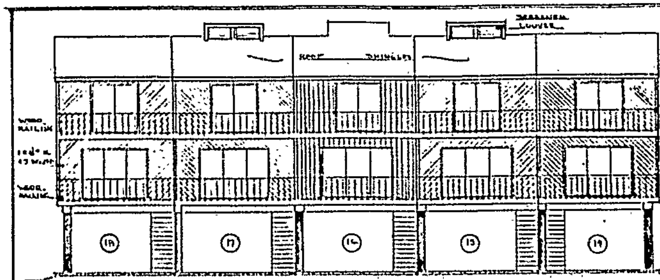
SHEET NO. 11 OF 11

PROPOSED CONDOMINIUMS FOR
H. G. ENTERPRISES, INC.
GULF SHORES, ALABAMA

MISC. 57 PAGE 842

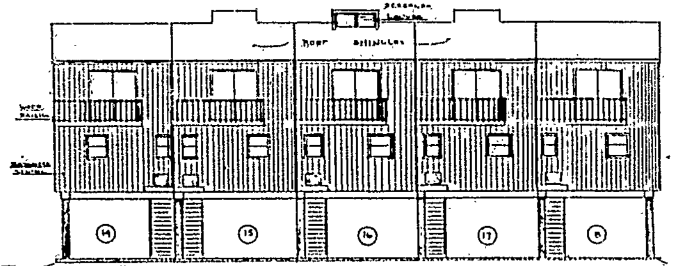


MISC. 57 PAGE 843



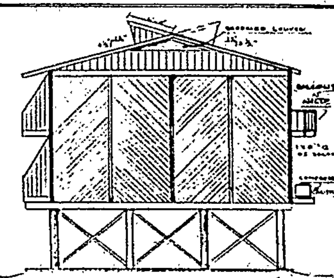
FRONT ELEVATION — TYPE "B" — 5-UNITS

SCALE 1/8" = 1'-0"



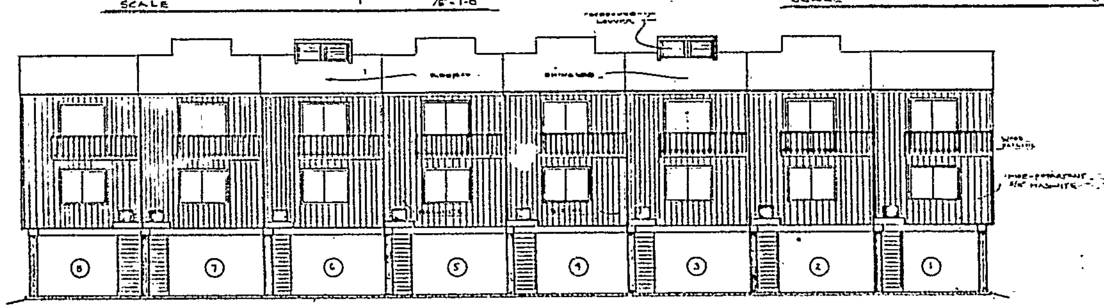
REAR ELEVATION — TYPE "B" — 5-UNITS

SCALE 1/8" = 1'-0"



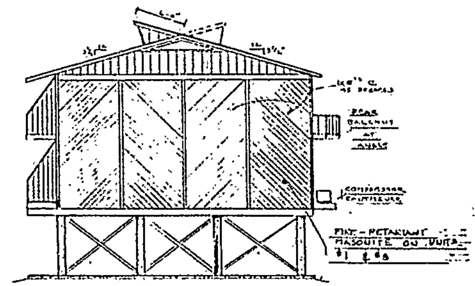
SIDE ELEVATION - TYPE "B"

SCALE 1/8" = 1'-0"



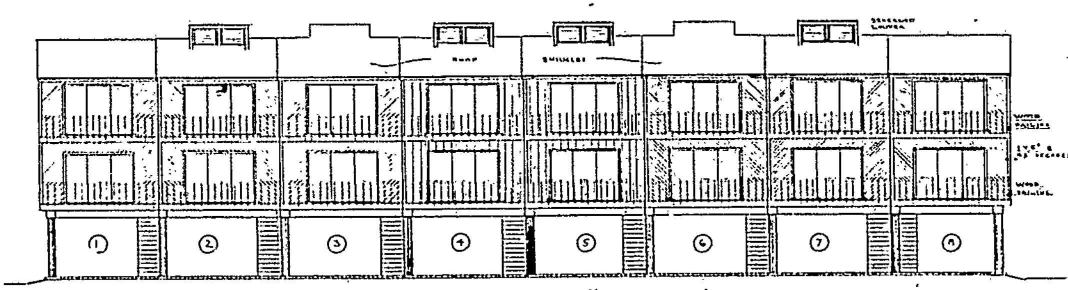
REAR ELEVATION TYPE "A" 8-UNITS

SCALE 1/8" = 1'-0"



SIDE ELEVATION - TYPE "A"

SCALE 1/8" = 1'-0"



FRONT ELEVATION — TYPE "A" — 8 UNITS

SCALE 1/8" = 1'-0"

EXTERIOR FIRE PREVENTION NOTES:

5/8" FIRE RETARDANT MASONITE TO BE USED ON REAR ELEVATION OF UNITS #1 THRU #8

5/8" x 8' FIRE RETARDANT MASONITE TO BE USED ON SIDE ELEVATIONS OF UNITS #1 & #8

NOTE: SEE WALL SECTION # 2

STATE OF ALABAMA ... 637 MOBILE, ALA. REGISTERED ARCHITECT

SHEET 22	PROPOSED CONDOMINIUMS FOR: J. G. ENTERPRISES, INC. GULF SHORES, ALABAMA
24	R. C. LATHAM & CO. — DESIGNERS OFFICE PARK ONE — SUITE 427 MOBILE — ALABAMA

BY-LAWS

OF

THE BEACHWALK

CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

DEFINITIONS

The following terms as used in these By-Laws shall have the following respective meanings:

(a) "Articles" shall mean and refer to the Articles of Incorporation for the Corporation, filed with the Probate Judge of Baldwin County, Alabama.

(b) "Assessment" shall mean and refer to an Owner's share of the Common Expenses from time to time assessed such Owner by the Association.

(c) "Board" shall mean and refer to the Board of Directors of the Corporation.

(d) "Common Elements" shall mean and refer to all portions of the Property other than the Private Elements as defined in the Declaration.

(e) "Condominium Unit" or "Unit" shall mean and refer to a portion of a building on the Property intended for any type of independent ownership and use, together with the undivided interest in the Common Elements which appertain to that Unit.

(f) "Corporation" shall mean and refer to The Beachwalk Condominium Association, Inc. formed pursuant to the Act as a non-profit membership corporation.

(g) "Declarant" shall mean and refer to Scott-Maxco, an Alabama joint venture.

(h) "Declaration" shall mean and refer to that certain Declaration of Condominium for The Beachwalk Condominium, dated _____ ____, 1986, and recorded in Miscellaneous Property Book_________, Page________, in the office of the Probate Judge of Baldwin County, Alabama, which Declaration is incorporated in these By-Laws by reference.

(i) "Owner" or "Unit Owner" shall mean and refer to the record owner, whether one or more persons, of the fee simple title to any Condominium Unit, including Declarant, but excluding those persons having such interest merely as security for the performance of an obligation.

(j) "Property" shall mean and refer to that tract of land described in Exhibit "A" attached to the Declaration.

ARTICLE II

PURPOSE

The Corporation is organized for the purpose of exercising the powers of The Beachwalk Condominium Association, Inc. in Baldwin County, Alabama, as set forth in the Alabama Condominium Ownership Act and the condominium instruments.

The Corporation is formed exclusively for purposes for which a corporation may be organized under the Alabama Nonprofit Corporation Act and not for pecuniary gain or profit. No part of the assets, income, or profit of the Corporation shall be distributable to, or inure to the benefit of, its directors or officers except to the extent permitted under the Alabama Nonprofit Corporation Act or by virtue of these By-Laws.

ARTICLE III

OFFICES

The principal office of the Corporation shall be located at Route 2, Box 5812, Beachwalk Apartments #11, Gulf Shores, Alabama 36542. The Corporation may have such other offices as the Board may determine or as the affairs of the Corporation may require from time to time.

The Corporation shall have and continuously maintain in the State of Alabama a registered office, and a registered agent whose office is identical with such registered office, as required by the Alabama Nonprofit Corporation Act. The registered office may be, but need not be, identical with the principal office. The address of the offices may be changed from time to time by the Board.

ARTICLE IV

MEMBERS

Section 1. Membership. All Owners shall be members of the Corporation. An Owner shall automatically become a member of the Corporation upon taking title to the Unit and shall remain a member for the period of ownership. If title to a Unit is held by more than one person, the membership shall be shared in the same proportion as the title, but there shall be only one membership per Unit. Membership shall be appurtenant to the Unit to which it appertains, shall be transferred automatically by conveyance of that Unit and may be transferred only in connection with the conveyance of title of that Unit.

Section 2. Annual Meetings of Members. An Annual Meeting of the members shall be held upon a date and at a time and place selected by the Board, so long as such Annual Meeting shall take place within thirteen (13) months of the immediately preceding Annual Meeting (except for the initial Annual Meeting.) Notice of the Annual Meeting shall be given to all members by the Secretary at least twenty-one (21) days prior to the Annual Meeting. At the Annual Meeting, reports of the affairs and finances of the Corporation and a proposed budget, including a proposed amount of the annual assessments to be assessed against the members during the Corporation's forthcoming fiscal year, shall be presented.

At such time as Declarant is no longer authorized to appoint and remove any member of the Board as set forth in Section 3 of Article V of these By-Laws, the budget proposed at the Annual Meeting of the members as the budget for the Corporation's forthcoming fiscal year shall be deemed automatically approved unless it is rejected at the Annual Meeting by fifty-one percent (51%) of the votes held by the members. If the membership disapproves the proposed budget for any reason, then the budget for the preceding year shall remain in effect with the Board having the right to increase assessments for expenditures which it deems necessary.

Section 3. Special Meetings. Special meetings of the members of the Corporation for any purpose may be called at any time upon written notice given at least five (5) days in advance of such meeting to all members, unless otherwise specified in the Declaration. Such special meetings may be called at the instance of the Secretary or the President of the Corporation, the Board, or upon written request of members representing one-fourth (1/4) of the membership of the Corporation.

Section 4. Notice. Each member shall register his address with the Secretary. Notice of meetings stating the time, place and purpose of such meetings, or any other notices required or permitted under these By-Laws, shall be deemed duly and properly given if given to the members either personally, or by sending a copy of the notice by ordinary mail, postage prepaid, to such address appearing on the books of the Corporation, or, if no address has been so designated, at the address of such member's Unit.

Section 5. Waiver of Notice. Any and all requirements for call and notice of meetings, regular or special, may be waived by waiving notice of such meeting in writing, either before or after it is held.

Section 6. Quorum. Unless otherwise provided in the Declaration, the Articles, in these By-Laws or by law, at any meeting of the Corporation's membership, the presence at such meeting of the members, either in person or by proxy, casting twenty percent (20%) of the total votes, shall constitute a quorum for the transaction of business. Any action may be taken by a majority vote of the members present, unless otherwise required by the Declaration, the Articles, these By-Laws or by law.

Section 7. Adjourned Meetings. If any meeting cannot be organized because a quorum has not attended, the members present in person or by proxy may adjourn the meeting from time to time until a quorum can be obtained.

Section 8. Voting. Voting on all matters shall be by voice or by show of hands unless any qualified voter, prior to the voting on any matter, demands vote by ballot, in which case each ballot shall state the name of the member voting and the number of votes voted by him, and if such ballot be cast by proxy, it shall also state the name of such proxy. During any period in which a member shall be in default in the payment of any amount due and owing to the Corporation, the vote which is allocated to such member's Unit shall not be counted for any purpose. Further, no vote shall be deemed to appertain to any Unit during any period in which the Corporation is the owner thereof.

Section 9. <u>Owner More Than One Person, Corporate or Partnership Owner</u>. If an Owner consists of more than one person and only one of those persons is present at a meeting, that person shall be entitled to cast the votes appertaining to that Unit; however, if more than one of those persons is present, the vote appertaining to that Unit shall be cast only in accordance with their unanimous agreement, and such consent shall be conclusively presumed if any one of them purports to cast the votes appertaining to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. In the event of disagreement among such persons and an attempt by two or more persons to cast such vote, such persons shall not be recognized, and none of such attempted votes shall be counted. In no event shall more than one (1) vote be cast with respect to any Unit.

If an Owner consists of a Partnership or Corporation, then such Owner shall furnish to the Board of Directors written notice of the name of the person entitled to act for such Owner, and no person shall be entitled to act for the Owner, except the person whose name has been furnished to the Board of Directors as aforesaid.

Section 10. <u>Proxies</u>. The votes appertaining to any Unit may (and shall, in the case of any Owner not a natural person or persons) be cast pursuant to a proxy duly executed by or on behalf of the Owner, or in cases where the Owner is more than one person, by or on behalf of all such persons. Proxies may be given to any person and may extend for any period provided in the proxy or for eleven (11) months if not otherwise provided; provided, however, that every proxy shall automatically cease at such time as the person granting the proxy ceases to be a member of the Corporation or upon notice of revocation being delivered to the Secretary of the Corporation.

Section 11. <u>Presiding Officer</u>. The president, or in his absence, the vice-president, shall serve as chairman of every meeting of the members unless some other person is elected to serve as chairman by a majority vote of the votes represented at the meeting. The chairman shall appoint such persons as he deems required to assist with the meeting.

Section 12. <u>Action of Owners Without a Meeting</u>. Any action which may be taken at a meeting of the Owners may be taken without a meeting if a written approval and consent, setting forth the action authorized, shall be signed by each of the Owners entitled to vote on the date on which the last such Owner signs such approval and consent and upon the filing of such approval and consent with the officer of the Corporation having custody of its books and records. Such approval and consent so filed shall have the same effect as an unanimous vote of the Owners at a special meeting called for the purpose of considering the action authorized.

Section 13. Parliamentary Rules. Roberts Rules of Order, Newly Revised (or any such current and latest revision) shall govern the conduct of the meetings of the Owners when not in conflict with the condominium instruments, the Articles or these By-Laws.

Section 14. Annual and Special Assessments. The Board shall have power to levy, assess and collect from the members, and provide for the collection of annual assessments and charges and special assessments for capital improvements as may be necessary for the purposes of the Corporation. The amount of the annual assessments to be assessed against each member shall be determined by the Board based on the proposed budget for the Corporation's forthcoming fiscal year and presented to the members at the Annual Meeting as set forth in Section 2 of this Article IV. The time and method of payment of such annual assessments shall be determined by the Board. Unless otherwise determined by the Board, any special assessments levied against the members shall be payable monthly; provided, however, that the Board shall have the power to accelerate the assessment payments of any member who is delinquent in his payments.

Section 15. Notice of Assessments. Notice of any action taken by the Board with respect to special assessments or to any alteration in the method or time of payment of the annual assessments determined at the Annual Meeting of members shall be sent to the members promptly by mail and shall not become effective until three (3) days after such mailing.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Management Powers. Subject to these By-Laws, the property, affairs and business of the Corporation shall be managed by the Board.

Section 2. Number and Term of Office. The initial Board shall consist of three (3) directors named in the Articles, who shall serve until the first Annual Meeting, unless any such Director sooner dies, resigns, or is otherwise removed from office. At the first Annual Meeting and annually thereafter until such time as Declarant is no longer authorized to appoint and remove any member or members of the Board as set forth in Section 3 of this Article V, three (3) directors shall be selected by Declarant. At such time as Declarant is no longer authorized to appoint and remove directors, all directors and officers must be members and the number of directors to be elected by the members shall be three (3), or such greater number up to five (5), as may be fixed by resolution of the directors from time to time. At the initial election of directors, one (1) director shall be elected for a one (1) year term of office, and (1) director for a two (2) year term of office, and one (1) director for a three (3) year term of office. All directors elected thereafter shall be elected to three (3) year terms of office. In the event that the number of directors shall be increased, then the terms of directors shall be fixed in the discretion of the Board in such a way that no more than two (2) directors shall have their terms of office expire in the same year.

Section 3. Elections by Declarant. Declarant shall be authorized to appoint and remove any member or members of the Board until the occurrence of the earlier of the following events: (i) the third (3rd) anniversary date of the recording of the Declaration or (ii) four (4) months after the date as to which three-fourths (3/4) of the Condominium Units shall have been conveyed by Declarant to Owners other than a person or persons constituting the Declarant or (iii) the recording of an amendment to the Declaration by Declarant, wherein and whereby Declarant surrenders the authority to appoint and remove directors and officers of the Corporation.

Section 4. Compensation. The directors and officers may receive compensation for their services on behalf of the Corporation, as such compensation is established by the Board, in addition to any reimbursement for their out-of-pocket expenses incurred for the benefit of the Corporation; provided, however, that any directors, or officers appointed by directors, which have been appointed by the Declarant prior to the time control of the Corporation is turned over by the Declarant pursuant to the Declaration and Section 3 of Article V of these By-Laws, shall not be entitled to any compensation or remuneration, except reimbursement for their out-of-pocket expenses incurred for the benefit of the Corporation. This Section shall not be construed to preclude any Director from serving the Corporation in any other capacity and receiving reasonable compensation therefor.

Section 5. Annual Meeting. The Annual Meeting of the Board will be held on the day of and immediately after the Annual Meeting of the members or any special meeting of the members at which a full Board is elected.

Section 6. Special Meetings. Special meetings of the Board may be held at any time and place within the State of Alabama when called by the President or by any member of the Board.

Section 7. Notice and Procedures. A notice of the time, place and purpose of every special meeting of the Board shall be given by the Secretary or an Assistant Secretary or an officer or director calling a meeting by mailing the same to each director at his residence or business address not less than three (3) days before such meeting, provided that such notice may be waived by the directors through presence at the meeting, unless objection to absence of notice is raised at the commencement of the meeting, or if those not present shall at any time waive or have waived notice thereof. To the extent the same is not inconsistent with these By-Laws or the Declaration, Roberts Rules of Order, Newly Revised, shall govern the procedures and conduct of all meetings of the Board, as such rules are modified by the Board at such meeting.

Section 8. Quorum. A quorum at any meeting of the directors shall consist of fifty percent (50%) of the entire membership of the Board. A majority of the directors present, if a quorum is present, shall decide any question that may come before the meeting, except as otherwise provided by law, by the Declaration, by the Articles, or by these By-Laws.

Section 9. Rules and Regulations. The Board shall have the power to adopt and publish rules and regulations governing the use by the members of any properties or facilities owned or controlled by the Corporation or intended for use by the members, and the personal conduct of the members and their guests thereon; and may fix penalties for violation of such rules and regulations and enforce the same.

The Board shall cause any rules and regulations adopted or modified to be distributed to all Owners promptly after the adoption or modification. An Owner may obtain a copy of the rules and regulations in effect at any time by written request to the Secretary. The rules and regulations in effect at any time shall be considered a part of these By-Laws.

Section 10. Records. It shall be the duty of the Board to cause to be kept a complete record of all its acts and of the corporate affairs.

Section 11. Vacancies. In the event of a vacancy occurring by reason of the resignation, removal from office as provided in Section 12 of this Article V, death or otherwise, of a director, such vacancy may be filled by the affirmative vote of a majority of the remaining directors even if there exists less than a quorum of the Board, or by the sole remaining director, as the case may be, or if the vacancy is not so filled, or if no director remains, by the members of the Corporation, or, on the application of any member, by the Judge of the Probate of Baldwin County, Alabama.

Section 12. Removal of Directors. At such time as Declarant is no longer authorized to appoint and remove directors, as provided in Section 3 of this Article V, any director may be removed from office, with or without cause, by the vote or written consent of a majority of the members.

Section 13. Committees. The Board may, by resolution passed by a majority of the Board, designate one or more committees, each consisting of two (2) or more members which may act by a majority of said members. Each committee shall have such powers of the Board and otherwise as provided in the resolution establishing such committee and the Alabama Nonprofit Corporation Act. The rules promulgated by these By-Laws with respect to meetings of directors, notice, quorums, voting, and other procedures at such meetings shall be applicable to meetings of any committee established by the Board.

Section 14. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or any committee established by the Board may be taken without a meeting, if written consent setting forth the action so taken shall be signed by all the directors on the Board or by all the members of such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board or the committee, as the case may be.

Section 15. <u>Liability</u>. In the absence of fraud or bad faith the directors shall not be personally liable for the debts, obligations or liabilities of the Corporation.

ARTICLE VI

<u>OFFICERS</u>

Section 1. <u>Officers</u>. The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, and assistant officers, if the Board so designates. Declarant shall be authorized to appoint and remove any officer or officers until the occurrence of the earlier of the following events: (i) the third (3rd) anniversary date of the recording of the Declaration; or (ii) four (4) months after the date as of which three-fourths (3/4) of the Condominium Units shall have been conveyed by Declarant to Owners other then a person or person constituting the Declarant; or (iii) the recording of an amendment to the Declaration by Declarant, wherein and whereby Declarant surrenders the authority to appoint and remove officers of the Corporation. At such time as Declarant is no longer authorized to appoint and remove officers, the officers shall be elected by the Board at its Annual Meeting or at a special meeting of the Board called for the purpose if for any reason officers should not be elected at said Annual Meeting. Such officers shall hold office until the next Annual Meeting of the Board or until such officer shall die, resign, or be removed from office. Any two or more of said offices may be held by one person at the same time, except that the President shall not also be the Secretary.

Section 2. <u>President</u>. The President shall be the chief executive officer of the Corporation, and when present shall preside at all meetings of the members and at meetings of the Board; shall have general supervision of the affairs of the Corporation; shall sign or countersign all certificates, contracts and other instruments of the Corporation as authorized by the Board; shall make reports to the directors and members; and shall have all such other duties and powers as are incident to his office or properly prescribed by the Board.

Section 3. Vice President. The Vice President, if there is one, or if there is more than one Vice President, the Vice President designated by the Board, shall exercise all the functions and perform all the duties of the President in his absence, except as specially limited by the Board. The Vice President or Vice Presidents, if any, shall perform such other duties as may be properly required by the Board.

Section 4. Secretary. The Secretary shall keep detailed minutes of all meetings of the members, the Board, and committees of the Board, shall have custody of the seal and the corporate minute book, shall sign with the President such instruments as require such signature, shall record in a book kept for the purpose the names of all members of the Corporation, together with their addresses as registered by such members, and shall make such reports and perform such other duties as are incident to this office or properly required of him by the Board. The Secretary shall affix the seal of the Corporation to all certificates, contracts and other instruments of the Corporation as authorized by the Board and shall send all notices required or permitted under the By-Laws or the Declaration. The Assistant Secretary, or if there is more than one Assistant Secretary, the Assistant Secretary designated by the Board, or if there is no Assistant Secretary, a secretary pro tempore, shall exercise all the functions and duties of the Secretary in his absence, except as specially limited by the Board.

Section 5. Treasurer. The Treasurer shall keep detailed and accurate financial records, including itemized records of all receipts and expenditures, shall have the custody of all monies of the Corporation and shall keep regular books of account and balance the same each month. He shall prepare comprehensive reports of the affairs, finances and budget projections of the Corporation and shall report on same to the members at their Annual Meeting. He shall sign or countersign such instruments as require his signature, and shall perform such other duties as are incident to his office or properly required of him by the Board.

Section 6. Substitution. Any officer of the Corporation may be expressly authorized by the Board to perform any function which is usually performed by any other officer.

Section 7. Removal From Office. At such time as Declarant is no longer authorized to appoint and remove officers as provided herein, any officer may be removed from office with or without cause by a majority vote of the Board at any lawful meeting; and any vacancy in any of the offices described in this Article, however caused, may be filled by the Board at any lawful meeting.

ARTICLE VII

REIMBURSEMENT AND INDEMNIFICATION

Any person made a party to or who is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he (or a person of whom he is the legal or personal representative or heir, distributee, or legatee) is or was a director, officer, employee, or member of a committee of the Corporation, or of any corporation, joint venture, trust or other enterprise which he served as such at the request of the Corporation, shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense or in the settlement of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which such director, officer, employee or member of a committee is liable for negligence or misconduct in the performance of duty, 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 the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. Such right of indemnification shall not be deemed exclusive of any rights or indemnities to which such director, officer, employee, or member of a committee may otherwise be entitled. Any amount payable by way of indemnity shall be determined by, and paid in accordance with, such procedure as at the time shall be provided for, or permitted, by statute. Additionally, the Corporation may procure on behalf of any and all directors, at the sole cost and expense of the Corporation, a directors' insurance policy which shall insure all directors (and the Corporation) against any lawsuit in which judgments are rendered against directors, and against any and all costs incurred in defending, contesting, or settling a suit against a director or directors.

ARTICLE VIII

NOTICE AND HEARING PROCEDURE

Section 1. Suspension of Privileges. In the event of an alleged violation of the Declaration, these By-Laws or any other such rules and regulations of the Corporation, and after written notice of such alleged failure is delivered (in the manner prescribed in Section 4 of Article IV herein) to the Owner or any agent of the Owner (the "Respondent") alleged to be in default, the Board shall have the right, after affording the Respondent an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all Directors on the Board, to take any one or more of the following actions: (1) levy a Special Assessment as provided in the Declaration; (2) suspend or condition the right of said Owner to use any facilities owned, operated or maintained by the Corporation; (3) suspend said Owner's voting privileges in the Corporation as an Owner, as further provided in the Declaration; or (4) record a notice of noncompliance encumbering the Unit of the Respondent. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. No action against an Owner arising from the alleged violation shall take effect prior to the expiration of (a) ten (10) days after the Owner's receipt of the complaint, and (b) five (5) days after the hearing required herein. The failure of the Board to enforce any rules and regulations of the Corporation, these By-Laws or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these By-Laws shall be cumulative and none shall be exclusive.

Section 2. Enforcement. The Board shall have the right and power to impose and assess reasonable fines and to suspend an Owner's right to use the Common Elements for any violation of the condominium instruments or these By-Laws in accordance with the condominium instruments and the following procedure:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation, and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice of a hearing to be held by the Board in session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; and (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf.

(c) Hearing. The hearing shall be held pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

ARTICLE IX

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account. These books and records shall include a record of all receipts and expenditures and an account for each Unit setting forth any shares of common expenses or other charges due, the due dates thereof, the present balance due, any interest in common surplus or Special Assessment surplus. These books and records shall be certified by an officer of the Corporation on or before ninety (90) days after the beginning of every fiscal year, as established by the Corporation [excepting the first (1st) such fiscal year] and shall also keep minutes of the proceedings of its Board, the committees of the Board, and the members and shall keep at the registered or principal office true and correct copies of its Articles and By-Laws and all amendments thereto as well as a record giving the names of and addresses of the members. All books and records of the Corporation may be inspected by any member, mortgagee, agent or attorney of any member for any proper purpose during normal business hours.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall be such period as the Board shall determine, but unless otherwise so determined, shall begin on the first day of January of each year.

ARTICLE XI

CORPORATE SEAL

The seal of the Corporation shall consist of an impression bearing the name of the Corporation around the perimeter, to the extent space permits, and the word "Seal" and the year of incorporation in the center thereof.

ARTICLE XII

AMENDMENTS

Subject to Section 5 of Article 16 hereof, the Articles and these By-Laws may be amended, at a regular or special meeting of the members, duly called and held for such purpose, pursuant to a resolution recommending a proposed amendment adopted by the Board. Such resolution must be approved by members to which at least two-thirds (2/3) of the votes which members present at such meeting in person or by proxy are entitled to cast; provided, however, that during such period that Declarant shall have the right to appoint and remove members of the Board and officers of the Corporation pursuant to the Declaration, such resolution must be approved by Declarant and by two-thirds (2/3) of the votes which members present at such meeting in person or by proxy are entitled to cast, exclusive of any vote or votes appurtenant to any Unit or Units then owned by Declarant. Notwithstanding anything to the contrary contained in this Section, but subject to Section 5 of Article 16 hereof, no members shall be entitled to vote on amendments to the Articles or these By-Laws if such amendment is required by the governmental statutes, laws, rules or regulations applicable to or promulgated by a governmental lender or purchaser of mortgage loans, including, but not limited to, FNMA or FHLMC, to enable such lender or purchaser to make or purchase mortgage loans on any Unit or if any such amendment is necessary to enable any governmental agency to insure mortgage loans on the Units based on the statutes, laws, rules or regulations applicable to or promulgated by such agency, which amendments may be adopted at a meeting of the Board alone upon receiving the vote of a majority of the Directors. Any amendment of these By-Laws shall become effective only when recorded or at such later date as may be specified in the amendment itself.

ARTICLE XIII

CONFLICTS

In case of any conflict between these By-Laws and the Declaration, the Declaration shall control.

ARTICLE XIV

VIOLATIONS

The violation of any rule or regulation adopted pursuant to these By-Laws or the breach of any By-Law contained herein or of any provision of the Declaration shall give the Board, acting on behalf of the Corporation, the right, in addition to any other rights set forth in these By-Laws:

(a) to enter or to cause its agents to enter the Unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty of any manner of trespass; or

(b) to enjoin, abate, or remedy such condition by appropriate legal or equitable proceedings; or

(c) to levy reasonable fines, after giving notice and an opportunity to be heard pursuant to the provisions of these By-Laws.

Any expense incurred by the Corporation in remedying the default, damage incurred by the Corporation or Owners, or fines so levied shall be assessed against the offending Unit as a Common Expense and enforced as provided in these By-Laws. In addition, any aggrieved Owner may bring an action to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE XV

INSURANCE

Section 1. Types of Coverage. The Corporation shall maintain in effect at all times as a common expense the types of insurance coverage required by the condominium instruments, any worker's compensation or other insurance required by law, and such other insurance as the Board may from time to time deem appropriate.

Section 2. Casualty Insurance. The casualty insurance policy affording fire and extended coverage insurance as required by the condominium instruments and the Alabama Condominium Ownership Act shall be written in the name of the Corporation as trustee for the benefit of the Owners, their respective mortgagees, and any other persons having an interest in the Condominium Units, as their interests may appear. The Board shall review or cause to be reviewed at least every two (2) years the amount of insurance in effect, taking into account the value and replacement cost of the improvements, and the Board may engage appraisers, cost estimators or others it deems appropriate in connection therewith. The policy shall insure the entire structure, including both Common Elements and Units, but it shall not include any improvements or betterments made by an Owner or any personal property or fixtures of an Owner or occupant of the Unit.

Section 3. Policy Provisions. The Board shall consider and endeavor to obtain casualty insurance on the following terms and conditions if the Board considers them advisable:

(a) The insurer shall waiver its right of subrogation against the Corporation, the Board, any directors or officers of the Corporation, any managing agent or other agents or employees of the Corporation if available, all Owners, and all other persons entitled to occupy the Units or other portions of the Condominium.

(b) The policy shall not be cancelled, invalidated, or suspended on account of the conduct of any person listed in item (a) above without a prior demand in writing delivered to the Corporation and the allowance of a reasonable time thereafter within which to cure the defect.

(c) Any "no other insurance" provision in the policy shall expressly exclude the individual Owners' policies from its operation.

(d) The policy shall include a mortgagee's clause for the benefit of all mortgagees of Units.

(e) The policy shall not be cancelled or materially altered with respect to any mortgagee for the nonpayment of premium or otherwise until the mortgagee has given thirty (30) days prior written notice of such cancellation or material alteration.

(f) The policy shall include a waiver of any co-insurance provisions and a waiver of any defense based on invalidity arising from the acts of the insured.

(g) The policy shall include a replacement cost endorsement.

(h) The policy shall include a deductible amount as the Board may deem appropriate.

(i) The insurer shall provide appropriate insurance certificates to each Owner and each mortgagee, together with duplicate originals of the policies and proof of payment of the premiums.

(j) The insurer shall be financially sound and responsible and qualified to do business in Alabama.

(k) The policy shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Corporation.

(l) The policy shall provide that coverage will not be prejudiced by (i) act or neglect of the Owners when said act or neglect is not within the control of the Corporation or (ii) any failure of the Corporation to comply with any warranty or condition regarding any portion of the premises over which the Corporation has no control.

Section 4. <u>Repair and Restoration</u>. In the event of any damage to or destruction of the Common Elements, the decision to repair or restore shall be made as provided in the condominium instruments. If the decision is made not to repair or restore the damage or destruction, then the insurance proceeds shall be allocated among and distributed for the benefit of the appropriate Owners and to their mortgagees, if any, in accordance with the condominium instruments; the Corporation shall cause the debris to be removed from any area upon which was located a damaged Unit or damaged Common Elements which are not to be repaired or restored and shall landscape and restore such area to a clean, safe and attractive condition; and the Board shall have the right to levy a special assessment against all of the Owners and the Condominium Units to raise the funds necessary to defray the costs of such work in excess of any amounts which may be available from any reserve funds of the Corporation maintained for such purpose. If the decision is made to repair or restore the damage or destruction, the same shall be done promptly by the Corporation in a businesslike manner in accordance with the condominium instruments and in accordance with appropriate procedures for the construction of the improvements. The Board may engage a bank or other institution of appropriate financial standing to act as an insurance trustee to receive, hold and disburse insurance proceeds pursuant hereto.

Section 5. <u>Unit Owner's Policies</u>. Unit Owners may carry, at their own initiative and expense, the following insurance policies:

(a) A building additions, betterments and alterations endorsement to the master policy of property insurance described in Section 2 of Article XV for the exclusive benefit of the particular Owner, such Owner to be liable for (and the Corporation to be in no way liable for) the premium for such endorsement; and

(b) A "tenant's or condominium owner's policy" covering the contents of his Unit, personal injury and property damage liability, burglary and the like.

In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Corporation be affected or diminished by insurance purchased by individual Owners or mortgagees, and no Owner shall be entitled to exercise his right to maintain the additional insurance coverage set forth in this Section 5 of Article XV in such a way as to bring into contribution any insurance maintained by the Corporation, or decrease in any other way the amount which the Corporation may realize under any insurance policy which it may have in force on the Property at any particular time.

ARTICLE XVI

RIGHTS OF MORTGAGEES

Section 1. General. All mortgagees of Units shall have the rights set forth in these By-Laws in addition to any and all rights set forth in the Alabama Condominium Act, the condominium instruments and the Articles.

Section 2. Notice of Casualty Loss and Condemnation. Immediately upon having knowledge of the institution or threat of institution, of any proceedings or other action with respect to the taking of Units, the Common Elements or any portion of any Unit or Common Element in condemnation, eminent domain or other proceedings or actions involving any unit or government or any other person having the power of eminent domain, the Corporation shall notify all mortgagees having an interest therein whose names and addresses have previously been furnished to the Corporation, together with a written request for such notice. Any such mortgagee may, if permitted by law, participate in any such proceedings or actions or, in any event, may participate in negotiations in connection therewith, but shall have no obligation to do so.

Section 3. Damage. Immediately after substantial damage or destruction by fire or other casualty to any part of the Property, the Corporation shall provide written notice of same to each mortgagee having an interest therein whose name and address have theretofore been furnished to the Corporation together with a written request for such notice.

Section 4. Other Notice. In addition to the foregoing, if the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA") is the mortgagee of any Unit, the Corporation shall notify FHLMC or FNMA, as the case may be (in care of the institution servicing the mortgage or mortgages for and on behalf of the FHLMC or FNMA) in writing of any damage or destruction or taking of the Common Elements or any portion of any Unit, if either FHLMC or FNMA has an interest therein.

Section 5. Consent to Amendment. The rights of mortgagees in this Article XVI shall not be amended without the prior written approval of two-thirds (2/3) of the first mortgagees (based on one (1) vote for each first mortgagee).

7/01/85

ARTICLES OF INCORPORATION

OF

THE BEACHWALK CONDOMINIUM ASSOCIATION, INC.

One

The name of the corporation is: "THE BEACHWALK CONDOMINIUM ASSOCIATION, INC."

Two

The corporation is organized pursuant to the Alabama Nonprofit Corporation Act.

Three

The corporation shall have perpetual duration.

Four

The corporation is organized for the purposes of managing, maintaining and caring for the property now or hereafter contained within The Beachwalk Condominium, a condominium development under the Alabama Condominium Ownership Act, established or to be established pursuant to the Declaration of Condominium for The Beachwalk Condominium, to be recorded with the Judge of the Probate of Baldwin County, Alabama. In order to carry out such purposes, the corporation shall have all of the powers set forth in the Alabama Nonprofit Corporation Act, the Alabama Condominium Ownership Act, and the condominium instruments. The terms defined in the Alabama Condominium Ownership Act shall be deemed to have the meanings therein specified wherever they appear herein unless the context otherwise requires.

Five

The affairs of the corporation shall be managed by a Board of Directors elected by the members having voting rights, as further provided in the Alabama Condominium Ownership Act, the condominium instruments and the bylaws, subject to the right of declarant, during the period of declarant's right to control the corporation, to appoint and remove directors as provided for in the condominium instruments.

Six

The corporation shall have the powers set forth in the Alabama Nonprofit Corporation Act.

Seven

This corporation shall have no stock or stockholders. The corporation is not organized and shall not operate for profit or pecuniary gain; and no part of the net earnings of this corporation shall inure (other than by acquiring, constructing or providing management, maintenance and care of the property contained within The Beachwalk Condominium, and other than by a rebate of common profits or excess assessments) to the benefit of any member, director, officer or any private individual, except that reasonable compensation may be paid to such persons for services rendered to or for this corporation affecting one or more of its purposes.

Eight

Each unit owner shall automatically be a member of the corporation during his ownership of his condominium unit, and no other persons shall be entitled to membership in the corporation.

Nine

The members shall have the voting rights set forth in the Alabama Condominium Ownership Act, the condominium instruments and the bylaws.

Ten

The initial registered office of the corporation is at Route 2, Box 5812, Beachwalk Apartments #11, Gulf Shores, Alabama 36542. The initial registered agent of the corporation is Susan E. Miller.

Eleven

The initial Board of Directors shall consist of three (3) individuals whose names and addresses are:

Susan E. Miller
Route 2
Box 5812
Beachwalk Apartments #11
Gulf Shores, Alabama 36542

Emory W. Scott, Jr.
403 Gulfshore Drive
Destin, Florida 32541

J. Stephen Vasen
3301 Buckeye Road
Suite 101
Atlanta, Georgia 30341

Twelve

These Articles of Incorporation may be amended from time to time in the same manner as is provided in the bylaws of the corporation with respect to amendments to said bylaws.

Thirteen

The name and address of the incorporator is Carol A. Brittain, Esq., One Ravinia Drive, Suite 1600, Atlanta, Georgia 30346.

IN WITNESS WHEREOF, the undersigned executes these Articles of Incorporation.

Carol A. Brittain, Esq.,
Incorporator

CONSENT TO APPOINTMENT AS REGISTERED AGENT

TO: Secretary of State
State of Alabama

I, Susan E. Miller do hereby consent to serve as registered agent for THE BEACHWALK CONDOMINIUM ASSOCIATION, INC. My address as registered agent is Route 2, Box 5812, Beachwalk Apartments #11, Gulf Shores, Alabama 36542.

This 24th day of April, 1986.

Susan E. Miller
Susan E. Miller