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AMENDED & RESTATED
BY-LAWS
OF
Lagoon Run Condominium Owners' Association, Inc.
Gulf Shores, Alabama
An Alabama Nonprofit Corporation

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STATE OF ALABAMA)
COUNTY OF BALDWIN)

AMENDED BY-LAWS
OF
Lagoon Run Condominium Owners' Association, Inc.

Article I
Purpose and Application

1.01 Purpose and Application. The following are the Amended & Restated By-Laws of Lagoon Run Condominium Owners' Association, Inc., (hereinafter referred to as the "Association"), a Nonprofit Corporation, reorganized pursuant to the Alabama Nonprofit Corporation Act, § 10-3A-1, et seq., Code of Alabama, 1975, as amended, and the Alabama Uniform Condominium Act of 1991, § 35-8A-101, et seq., Code of Alabama, 1975, formed for the purpose of managing and operating a certain condominium located in Baldwin County, Alabama, known as Lagoon Run Condominium, (hereinafter referred to as the "Condominium").

The provisions of the Amended & Restated By-Laws are applicable to the entirety of the Condominium property.

All present or future Owners, tenants and their employees, and any other persons or entities that might use the facilities of Lagoon Run Condominium, in any manner, are subject to the regulations and provisions set out in these By-Laws and the Rules and Regulations established and promulgated by the Lagoon Run Condominium Owners' Association, Inc., pursuant to the By-Laws and Condominium Declaration, as they may be amended from time to time.

The mere acquisition or rental of any of the Units of Lagoon Run Condominium, or the mere act of occupancy of any said Units will signify that these By-Laws and the provisions of the Declaration, the Articles and any Rules and Regulations, as they each may be amended from time to time, are accepted, ratified and will be complied with.

Article II
Principal Office and Agent

2.01 Principal Office. The principal office of the Association shall be at 901 Commerce Drive, Suite A, Gulf Shores, Alabama 36542, and the mailing address is P.O. Box 2555, Gulf Shores, AL 36547, or at such other place as may be designated subsequently by the Board of

Directors or as the business of the corporation may require. All books and records of the Association shall be kept at its principal office.

2.02 Registered Agent. The Registered Agent of the Association is Mike Boan of Coastline Management, whose address is 901 Commerce Drive, Suite A, Gulf Shores, AL 36542.

Article III Definitions

3.01 Declaration Defined. "Declaration" shall mean that certain Declaration of Condominium of Lagoon Run Condominium, filed in the Office of the Judge of Probate of Baldwin County, State of Alabama, as the same may be amended from time to time in accordance with the terms thereof.

3.02 Unit and Unit Owner Defined. When used herein, "Unit" shall mean a Unit of Lagoon Run Condominium, and "Unit Owner" shall mean the Owner of that Unit.

3.03 Other Terms Defined. Other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof.

Article IV Membership

4.01 Qualification. The sole qualification for membership shall be Ownership of a Unit in the Condominium. No membership may be separated from the Unit to which it is appurtenant.

4.02 No Additional Qualifications. No initiation fees, costs or dues shall be assessed against any person as a condition of the exercise of the rights of membership except such assessments, levies and charges as are specifically authorized by the Declaration and these By-Laws.

4.03 Succession. The membership of each Unit Owner shall automatically terminate on the conveyance, transfer or other disposition of a Unit Owner's interest in the Unit. The Unit Owner's membership shall, automatically be transferred to the new Unit Owner succeeding to such Ownership interest. On the conveyance, transfer or other disposition of a portion of a Unit Owner's interest in a Unit, the transferring Unit Owner and the transferee shall each be members of the Association in accordance with their percentage of ownership interest in the Common Elements of each following such conveyance or transfer.

4.04 Certificates of Membership. The Association shall issue no shares of stock of any kind or nature whatsoever. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred by an Owner in any manner except as an appurtenance to his Unit and except as may be provided in the Declaration of Condominium, as it may be amended from time to time.

Article V
Meetings of Members

5.01 Annual Meeting. The annual meeting of the members shall be held at the place and at the time as determined by the Board of Directors or at such other date, at the place, and at the time, as determined by the Board of Directors, however, such date shall not exceed thirteen (13) months from the date of the previous Annual Meeting; provided, however, that any change in the annual meeting date as determined by the Board of Directors, at least fifteen (15) days prior to the regular date for holding such annual meeting and the Association's membership has been notified in advance thereof in accordance with Section 5.03 of this Article. The purpose of the annual meeting shall be to elect the Directors, and to transact any other business authorized to be transacted by the Members or stated in the notice of the meeting sent to the Members in advance thereof in accordance with Section 5.03 of this Article.

5.02 Special Meeting. Special meetings of the Members may be called at any time by the President, a majority of the Board of Directors, or on receipt by the Board of a written request of Members representing at least twenty-five percent (25%) of the total votes of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

5.03 Notice of Meeting. Notice of all meetings of Members shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or By-Laws, and any proposal to remove an officer or a member of the Board. Notices shall be prepared and delivered by or at the direction of the Secretary and may be delivered either personally or by mail, by E-mail or by facsimile transmission to a Member at the address or telephone number given to the Board by said Member, or to the Member's Unit if no such address has been given to the Board. Notice of the annual meeting or notice of a special meeting shall be mailed or delivered to each Member not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice.

5.04 Waiver of Notice. Any Member or eligible mortgagee may waive the right to receive

notice of the annual meeting by sending a written waiver to the Board of Directors. Notice of specific meetings may be waived before or after the meeting, orally or in writing. Attendance by a Member at an annual or special meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

5.05 Quorum. A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding at least a majority of the votes entitled to be cast at such meeting are present at the beginning of such meeting, except as otherwise provided by law; by the Articles of Incorporation; by the Declaration of Condominium; or by the By-Laws as they may be amended from time to time.

5.06 Adjournment for Lack of Quorum. In the absence of a quorum at any meeting of members, a majority of those Members entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement of the meeting, until the requisite number of members, present in person or by proxy, shall be present. At such adjourned meeting at which the requisite number of votes shall be present any business may be transacted which might have been transacted at the meeting as originally noticed.

5.07 Action Without Meeting. Any action which may be taken at a meeting of the Members may also be taken without a meeting if email or written consent, setting forth the action so taken, is given by the number of members required to take such action at a meeting, and is filed with the Secretary of the Association.

5.08 Order of Business. The order of business at annual meetings of Members and, as far as practical, at all other meetings of Members, shall be:

- Call to Order
- Confirmation of the roll and certifying of proxies
- Proof of notice of meeting or waiver of notice
- Reading and disposal of any unapproved minutes
- Reports of officers
- Reports of committees
- Election of Directors
- Unfinished business
- New business

– Adjournment

5.09 Minutes of Meeting. The minutes of all meetings of Members shall be available for inspection by Unit Owners or their authorized representatives.

Article VI
Members' Voting Rights

6.01 Number of Votes. The number of votes to which each Unit is entitled to cast is one (1) as set forth in the Amended and Restated Declaration. The votes of a Unit shall not be divisible.

6.02 Vote Required to Transact Business. When a quorum is present, the holders of a majority of the voting rights present, in person or by proxy, shall decide any question brought before the meeting, unless the question is one on which, by express provision of the Act or the Condominium Documents, a different number or manner of voting is required, in which case the express provision shall govern and control the decision in question.

6.03 Designation of Voting Member. If a Unit is owned by more than one person, the person entitled to cast the vote or votes for the Unit may be designated by a certificate signed by all of the record Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, partnership, trust or other legal entity, the person entitled to cast the vote or votes for the Unit may be designated by a certificate of appointment signed by a duly authorized representative of the entity and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the Ownership of the Unit occurs. A certificate may be revoked by any Owner of an interest in the Unit.

6.04 Failure to Designate a Voting Member. If a Unit is owned by more than one person and they do not designate a voting member, the following provisions shall apply:

A. If more than one such Owner is present at any meeting, and they are unable to concur in a decision on any subject requiring a vote, they shall lose their right to vote on that subject at that meeting, however, said vote or votes shall be included in the determination as to the presence, or lack thereof, of a quorum.

B. If only one such Owner is present at a meeting, that person shall be entitled to cast the vote or votes pertaining to the Unit.

C. If more than one such Owner is present at the meeting, and they concur, any one such Owner may cast the vote or votes for the Unit.

6.05 Voting by Proxy. Votes may be cast in person or by proxy, as provided for in the Act. All proxies must be in writing, dated, signed by the Member generating the proxy, and filed with the Secretary of the Association before the appointed time of any meeting to which it applies. A Member may revoke a proxy at any time by delivering a written notice of revocation to the Association.

6.06 Conditional Proxy. The granting of a mortgage on a Unit by its Owner(s) shall be construed as conferring upon the mortgagee a conditional proxy to cast the vote or votes attributable to such Unit at any regular or special meeting of the Association. The condition of such proxy shall be notice by such mortgagee to the Association, in writing, of its intent to exercise the conditional proxy rights granted to it, as mortgagee, by the terms of this subparagraph. In the absence of such written notice, the Association shall be entitled to recognize the Unit Owner(s) votes attributable to their Unit. However, once such written notice is received by the Association, the mortgagee's right to cast the vote or votes attributable to that Unit shall be recognized by the Association until the mortgagee withdraws its intent to cast such votes, in writing, or until the mortgage is paid in full and satisfied of record, whichever first occurs.

6.07 Approval or Disapproval of Matters. Whenever the decision of the Unit Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such owner if at an Association meeting, unless the joinder of record owners is specifically required by the Amended Declaration or these By-Laws.

Article VII Board of Directors

7.01 Number and Tenure. The affairs of this Association shall be managed by a Board of Directors consisting of such number not less than three (3) nor more than seven (7) as shall, from time to time, be determined and fixed by vote of a majority of the voting rights present at any annual meeting of the members. Directors shall be elected at the annual meeting of the members or at a special meeting called for that purpose. Each Director elected by the members shall hold office on a staggered term basis for the term of two (2) years. Each Director shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall have resigned or shall have been removed, as provided for herein. Each Director shall be a member

of the Association. There is no limit to the number of terms a Director may serve. At the first meeting in which staggered terms are implemented, one-half (½) of the Directors so elected receiving the most votes shall receive two (2) year terms, and the remaining Directors so elected shall receive one (1) year terms. Thereafter, Directors so elected shall all receive two (2) year terms. Notwithstanding the above, a Director must go off the Board for one (1) year after serving two (2) consecutive full terms.

7.02 Qualification. Each Director shall be a Unit Owner. If a Unit Owner is a trust, then the beneficiary or trustee of the trust may be a Director; and if a Unit Owner is a corporation or partnership, then an officer, partner, or employee of such Unit Owner may be a Director. If a Director shall cease to meet such qualifications during his term, he shall cease to be a Director and his place on the Board shall be deemed vacant.

7.03 Nomination for Election. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members or at any other meeting of Members called for the purpose of electing Directors. Nominations shall also be made by the existing Board of Directors prior to the annual meeting of the Members or prior to any other meeting of Members called for the purpose of electing Directors.

7.04 Election of Directors. Directors shall be elected at the annual meeting of the members or at a special meeting called for that purpose. The election shall be by secret ballot (unless dispensed with by unanimous consent), and each Member shall be entitled to vote for each vacancy. There shall be no cumulative voting. Those candidates receiving the greatest number of votes cast either in person or by proxy shall be elected.

The Organizational Meeting of a newly elected Board of Directors may be held immediately after the adjournment of the meeting at which they were elected or shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected and no further notice is necessary provided a quorum be present.

7.05 Vacancies. Any vacancy in the position of a Director elected by the Members of the Association may be filled by a majority vote of the remaining Directors, and any Director so elected shall hold office until for the remaining term of said position.

7.06 Removal. The members, by a two-thirds (⅔) vote of all members present in person

are entitled to vote at any meeting of the members at which a quorum in person is present, may remove any member of the board with or without cause. The vacancy in the Board of Directors so created shall be filled by the Members at the same meeting in the same manner as was provided by the election of the removed Director.

7.07 Compensation. A Director shall not receive any compensation for any service he may render to the Association as a Director; provided, however, that any Director may be reimbursed for actual expenses incurred by him or her in the performance of his or her duties. Notwithstanding the above, such allowable expenses shall not include travel expenses in attending regularly scheduled Board meetings.

Article VIII Meetings of Directors

8.01 Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at such place, and at such time and date as the Board shall designate. Notice of the regular meetings shall be given to each Director personally, by mail, by telephone, by e-mail or by facsimile transmission and shall be transmitted not less than ten (10) days nor more than thirty (30) days prior to the meeting. Directors may participate in Regular Meetings, as scheduled herein, by teleconferencing.

8.02 Special Meetings. Special meetings of the Directors may be called by the President at any time, and must be called by the President or Secretary at the written request of one-third (1/3) of the Directors. A notice of the meeting stating the time, place, if applicable, and purpose of the meeting shall be given to each Director personally, by mail, by telephone by E-mail or by facsimile transmission and shall be transmitted at least three (3) days prior to the meeting. Special meetings of the Board of Directors may be conducted by teleconferencing. Notwithstanding anything to the contrary in these By-Laws, Special Meetings are exempt from the Open Meetings requirements herein.

8.03 Open Meetings. Except as set forth in Section 8.04 and special meetings as referenced herein, all meetings of the Board of Directors shall be open to all members of the Association.

8.04 Work Shop Meetings. A Work Shop meeting may be called by the President, at any time. For the purposes of this Section, a Work Shop meeting shall be a meeting where no votes shall be cast by the Directors and that the subject matter of the meeting is such that it will be considered in a subsequent open meeting of the membership and/or the Board of Directors. A Work Shop

meeting is not subject to the notice requirements as set forth in Section 8.01, Section 8.02 and open meeting requirements as set forth in Section 8.03 herein.

8.05 Waiver of Notice. Any Director may waive notice of a meeting either before or after the meeting, or may consent to the holding of a meeting without notice. Attendance by any Director at a meeting shall constitute waiver of notice of that meeting, except when attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called.

8.06 Quorum. A quorum shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such a Director for the purpose of determining a quorum.

8.07 Action Without Meeting. Any action permitted or required to be taken at a meeting of the Directors may be taken without a meeting if email or written consent setting forth the action so taken shall be given by all the Directors and filed with the minutes of the proceedings of the Board.

8.08 Presiding Officer. The presiding officer of the Directors' meeting shall be the President. In the absence of the President, the Vice President shall preside over the meeting.

8.09 Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be available for inspection by Unit Owners, or their authorized representatives, or by Directors at any reasonable time.

Article IX **Powers and Duties of Directors**

9.01 Specific Powers. The Board of Directors shall have the power to exercise all powers, duties and authority vested in the Association by the Acts, the Amended Declaration or these By-Laws, except for such powers and duties reserved thereby to the Members. The powers and duties of the Board shall include, but shall not be limited to, the following:

- A. To elect and remove officers of the Association as hereinafter provided.

- B. To administer the affairs of the Association and the Condominium Property.
- C. To maintain bank accounts on behalf of the Association and to designate signatories required therefor.
- D. To sell, lease, mortgage or otherwise deal with Units acquired by the Association.
- E. To pay the cost of all taxes and utilities assessed against the Condominium that are not assessed and billed to the Owners of individual Units.
- F. To borrow money, from time to time, at its sole discretion and without the approval of the unit owners, any sum necessary and required in order to meet the financial needs of the Association during times of emergency and to assess the unit owners without the approval of the unit owners for the repayment of said borrowed funds. For the purposes of this Subsection, "times of emergency" shall be defined as any casualty caused by any named storm as designated by the National Hurricane Center (NOAA/World Meteorological Organization) and/or any other insurable event including, but not limited to, any casualty caused by fire.
- G. To establish the amount of the annual budget and to make, levy, enforce and collect Assessments against Unit Owners to defray the costs, expenses and losses for the Condominium and to provide adequate remedies for failure to pay such assessments.
- H. To use the proceeds of Assessments in the exercise of its powers and duties.
- I. To maintain, repair, replace and operate the Condominium Property, including the reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.
- J. To purchase insurance on the Property and to purchase insurance for the protection of the Association and its Members, the members of the Board of Directors, and Officers of the Association.

K. To reconstruct improvements after casualty and to further improve the Property.

L. To make and amend reasonable Rules and Regulations respecting the use of the Property and the operation of the Condominium.

M. To enforce, by legal means, the provisions of the Act, the Declaration, the Articles of Incorporation, these By-laws, and the Rules and Regulations for the use of the Property.

N. To contract for the management of the Property and to delegate to such managing agent, all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

O. To contract for the management or operation of portions of the Common Elements of the Condominium susceptible to separate management or operation and to lease such portions.

P. To retain attorneys and accountants.

Q. To employ personnel to perform the services required for proper operation of the Condominium.

R. Except as prohibited in the Declaration or the Act, to purchase a Unit of the Condominium for the purposes authorized in the Declaration.

S. To maintain a class action and to settle a cause of action on behalf of Owners with reference to the Common Elements, the roof and structural components of a building or other improvement, and mechanical, electrical and plumbing elements serving an improvement or a building as distinguished from such elements serving only one (1) Unit; and to bring an action and to settle the same on behalf of two (2) or more of the Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements or more than one (1) Condominium Unit; all as the Board deems advisable.

T. To procure such fidelity insurance, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure Directors' and Officers' liability insurance, and the premiums of such bonds and insurance shall be paid by the Association as a Common Expense.

9.02 Committees. The Board of Directors may, by resolution, appoint one or more standing committees as deemed appropriate in carrying out its duties and responsibilities. Such committees shall have the powers provided in the resolution designating such committee. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors and the Board of Directors shall act on the committee's information as it deems appropriate.

9.03 Managing Agent. The Board of Directors shall be authorized to employ the services of a manager or managing agent, who at all times shall be an independent person or firm qualified to manage the Property and affairs of the Condominium under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

Article X Officers

10.01 Election. The executive officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer. The officers shall be elected annually by the Board of Directors. Any two (2) may be held by the same person, except the President shall not also be the Secretary or Treasurer. All executive officers shall be elected from the duly elected or appointed Board members.

10.02 Term. Each Officer shall hold office for the term of one (1) year and until his successor shall have been appointed or elected and qualified, provided that any officer may succeed himself or herself.

10.03 Special Appointments. The Board may appoint such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

10.04 Resignation and Removal. Any Officer may be removed from office either with or without cause by the vote of a majority of the Directors present at any meeting. Any Officer may

resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

10.05 Vacancies. A vacancy in any office shall be filled by a majority vote of the Directors at any meeting. An Officer elected to fill a vacancy shall hold office for term equal to the unexpired term of the Officer he succeeds.

10.06 Compensation. An Officer shall not receive any compensation for any service he may render to the Association as an Officer; provided, however, that any Officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

10.07 Duties of the President. The President is the Chief Executive Officer of the Association, and shall have all of the powers and duties that are usually vested in the office of President of a condominium association, including but not limited to the following powers:

- A. To preside over all meetings of the Members and of the Board.
- B. To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.
- C. To call meetings of the Board whenever he deems it necessary in accordance with the rules.
- D. To have the general supervision, direction and control of the affairs of the Association.
- E. To, along with the Secretary, prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

10.08 Duties of the Vice President. The Vice President shall have all of the powers and duties that are usually vested in the office of Vice President of a condominium association, including but not limited to the following powers:

- A. To perform the duties and exercise the powers of the President, in the absence or disability of the President.

B. To assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

10.09 Duties of the Secretary. The Secretary shall have all of the powers and duties that are usually vested in the Secretary of a condominium association, including but not limited to the following power:

A. To keep a record of all meetings and proceedings of the Board and of the Members.

B. To keep the seal of the Association, if any, and affix it on all papers requiring said seal.

C. To prepare and serve such notices of meetings to the Board and the Members required either by law or by these By-Laws.

D. To keep current records showing the Members of the Association together with their addresses.

E. To sign as Secretary all deeds, contracts, and other instruments which have been duly approved by the Board, if said instrument requires a second Association signature.

F. To, along with the President, prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

10.10 Duties of the Treasurer. The Treasurer shall be the financial officer of the Association, and shall have all powers and duties that are usually vested in the Treasurer of a condominium association, directly, or through the Board's agent, including but not limited to the following powers:

A. To receive and deposit in such bank or banks as the Board may from time to time direct, all of the funds of the Association.

B. To be responsible for and supervise the maintenance of books and records to account for such funds and other Association assets.

C. To disburse and withdraw said funds and make advances from Lines of Credit as the Board may from time to time direct, and in accordance with prescribed procedures.

D. To prepare and distribute the financial statements for the Association.

E. To prepare a record of all receipts and expenditures.

F. To prepare an account for each Unit, setting forth any shares of Common Expenses or other charges due, the due dates thereof, the present balance due and any interest in Common Surplus.

Article XI **Fiscal Management**

11.01 **Fiscal Year.** The fiscal year of the Association shall be such as shall from time to time be established by the Board of Directors.

11.02 **Annual Budget.** The Board of Directors shall adopt a budget for each fiscal year in accordance with the Act. The annual budget of the Association shall be detailed and shall show the amounts budgeted by accounts and expense classifications. Expenses shall be estimated for each category and item of the Common Expenses. The budget shall also include reserve accounts for capital expenditures, deferred maintenance, reserves and contingencies. The budget shall also set forth each Unit Owner's proposed Assessment for Common Expenses. Copies of the budget and proposed assessments shall be transmitted to each Member in accordance with Section 11.03 of these Amended & Restated By-Laws.

11.03 **Adoption of the Annual Budget.** The Board of Directors shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association. Within thirty (30) days after adoption of any proposed budget for the condominium, the Board shall provide a copy of the budget to all Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) days nor more than thirty (30) days after delivery or mailing of the proposed budget to the Unit Owners. Unless at that meeting a majority of all the Unit Owners present, in person or by proxy, reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. The Board shall furnish copies of the final annual budget to each Unit Owner

within thirty (30) days after the adoption.

11.04 Assessments. Assessments for common expenses shall be made for the calendar year annually in advance, and this information shall be transmitted to each Member a minimum of fourteen (14) days prior to the meeting set forth in Section 11.03 above. Such assessments shall be in proportion to the Owner's respective ownership interest in the Common Elements and shall be due in monthly installments on the 10th day of each month of the year for which the assessments are made. The assessment shall be deemed delinquent if not received by the last day of the month for which it is due. A Late Fee of Twenty Five Dollars (\$25.00) will be assessed against each Owner who is delinquent in payment of Dues and Assessments, in addition to penalty interest in the amount of eighteen (18%) percent on all monthly balances that are delinquent. The Board of Directors may cause to be sent to each Unit Owner, on or before the first day of each month, a statement of the monthly Assessments. However, the failure to send or receive such monthly statement shall not relieve the Unit Owner of his obligation to make timely payment of the monthly Assessments. If the Board shall not approve an annual budget or shall fail to determine new monthly Assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay the amount of his monthly Assessment as last determined. No Unit Owner shall be relieved of his obligation to pay his Assessment by abandonment of his Unit or lack of use of the Common Elements. Such assessments shall constitute a lien as provided for in the Declaration.

11.05 Supplemental Assessments. If during the course of any fiscal year, it shall appear to the Board that the monthly Assessments, as determined in the annual budget, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall be delivered to each Unit Owner and a supplemental Assessment shall be made to each Unit Owner for his proportionate share of the supplemental budget in such manner as the Board of Directors may require in the notice of assessment. Such assessments shall constitute a lien as provided for in the Declaration.

11.06 Assessments for Unforeseen Expenses. If during the course of any fiscal year, it shall appear to the Board that the Association has insufficient or inadequate funds to cover unforeseen expenses, then the Board shall prepare and approve an emergency assessment and, after a ten (10) day notice of the need for such is given to the Members, an emergency assessment shall be made to each Unit Owner for his proportionate share of the assessment in such manner as the Board of Directors may require in the notice of assessment. Such assessments shall constitute a lien as provided for in the Declaration.

11.07 Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements which the Association may be obligated to maintain. The fund shall be maintained out of regular assessments. The proportionate interest of each Unit Owner cannot be withdrawn or assigned but shall be deemed to transfer with the Unit.

11.08 Depository. The depository of the Association shall be such bank or banks and/or savings and loan associations as shall be designated from time to time by the Directors and in which monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Directors.

11.09 Lien for Expenses. If any Unit Owner shall fail or refuse to make any payment of the Common Expenses or other assessment or fine imposed against him when due, the amount due, together with costs, reasonable attorney's fees, and interest thereon at the maximum percentage rate as may then be permitted under the laws of the State of Alabama, from and after the date said Common Expenses or other assessments or fines become due and payable in accordance with applicable law, shall constitute a lien on the interest of the Unit Owner in the Property.

11.10 Priority of Lien. Any lien of the Owners Association shall be the subject to the rules of priority as stated in Section 8.03 of the Amended Declaration and other applicable state laws.

11.11 Acceleration of Assessment Installments. In accordance with the provisions of the Act (35-8A-316(a)), if an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

11.12 Default. In the event an Owner of a Unit does not pay any sums, charges or assessments required to be paid to the Association within sixty (60) days from the due date, the Association may foreclose the lien encumbering the Unit created by non-payment of the required moneys in the same fashion as mortgage liens on real estate are foreclosed; provided that thirty (30) days prior notice of the intention to foreclose shall be mailed, postage prepaid, to the Unit Owner and to all persons having a mortgage lien or other interest of record. The Association shall be entitled to the appointment of a Receiver, if it so requests. The Association shall have the right to bid on the Unit at a foreclosure sale and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment, brought by or on behalf of the Association against a Unit Owner, and the losing defendant shall pay the cost thereof, together with a reasonable attorney's fee.

11.13 Annual Statement. The Association shall make a year-end compilation financial statement available to the Unit Owners no later than October of the year following the year for which the report is made.

11.14 Accounting Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the requirements of the Act. The Board shall cause to be kept, in accordance with generally accepted accounting principles, a record of all receipts and expenditures, and a separate account for each Unit showing the Assessments or other charges due, the due dates thereof, the present balance due and any interest in common surplus. Such records shall be open to inspection by Unit Owners and their authorized agents at reasonable times.

11.15 Information. The Association shall be required to make available to Unit Owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws or other Rules and Regulations concerning the Project, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. In addition to the above, any holder of a first mortgage is entitled, upon written request and payment of a reasonable fee as determined by the Association, to a financial statement for the immediately preceding fiscal year.

11.16 Fidelity Insurance. Fidelity insurance coverage shall be required by the Board for all officers and employees who handle and/or are responsible for Association funds, and from any manager handling or responsible for Association funds, and from any employee, agent or subcontractor of a manager handling or responsible for Association funds. The amount of such insurance coverage shall be determined by the Directors, but shall be at least the amount of one hundred and fifty percent (150%) of the total annual Assessments against Members for recurring expenses. The premiums on such insurance coverage for officers and employees of the Association shall be paid by the Association. The premiums on such insurance coverage for agents of the Association described herein shall be paid by the respective agents.

11.17 Lenders' Notices. Upon written request to the Association, any mortgage holder, insurer or guarantor will be entitled to timely written notice of the following upon identifying the name and address of the holder, insurer or guarantor and the Unit number of interest:

- A. Any condemnation or Casualty loss that affects either a material portion of the Project or the Unit securing its mortgage.

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

C. Any proposed action that requires the consent of a specified percent of mortgage holders.

Article XII
Owner Obligations and Covenants

12.01 Assessment. Every Owner of any Unit in the Condominium shall contribute pro rata toward the expense of administration, maintenance, alteration, repair and improvement of the Condominium, as provided in the Articles, the Declaration or these By-Laws, as each may be amended from time to time. Each assessment against a Unit shall also be the personal obligation of the Owner at the time the assessment becomes due. Such personal obligation shall not pass to successors in title unless assumed by such successors or required by applicable law.

12.02 Maintenance and Repair. Every Owner of any Unit in the Condominium shall promptly perform all maintenance and repair work as provided in the Articles, the Declaration or these By-Laws, as each may be amended from time to time, at the Owner's expense. A Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect, or carelessness or by that of any member of his family, his lessees, or his guests, invitees, employees or agents, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire and casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit, or the Common Elements. The liability for such increases in insurance rates shall equal five (5) times the first resulting increase in the annual premium rate for such insurance.

12.03 Use. The Condominium Property shall be utilized in accordance with the provisions of the Declaration, the Articles, these By-Laws and the Rules and Regulations of the Association, as the same may be amended from time to time. In the event of the failure of any Owner to do so, the Association may sue to recover sums due and/or damages, and/or injunctive relief, and for the costs and expenses therein, including a reasonable attorney's fee.

12.04 Right of Entry. The manager and/or any person authorized by the Board of Directors shall have the right to enter each Unit in case of emergency originating in or threatening such Unit whether or not the owner or occupant is present at the time. Every unit owner or occupant, when so

required, shall permit the Association or its representatives to enter his unit at reasonable times for the purpose of performing authorized installations, alteration, or repairs to the Common Elements therein for central services provided that requests for entry are made in advance.

12.05 Unit Owners' Insurance. Every Unit Owner shall maintain general liability insurance coverage, including medical payments insurance, in an amount no less than \$100,000.00 covering all occurrences commonly insured against, for death, bodily injury, or property damage arising out of or in connection with the use, ownership or maintenance of the Unit Owner's Condominium Unit.

Article XIII **Rules and Regulations**

The Board of Directors may from time to time adopt, modify, amend or add to the Rules and Regulations concerning the use of the Condominium Property; provided, however, that a majority of the Members may overrule the Board with respect to any such rules and regulations, or modifications thereof, or any amendments or additions thereto. Copies of such rules and regulations, or any amendments, additions or modifications, shall be delivered to each Unit Owner not less than fourteen (14) days prior to the effective date thereof. No rule or regulation that is in conflict with the Condominium Documents shall be adopted.

Article XIV **Amendment to By-Laws**

14.01 Notice and Proposal. A Resolution concerning a proposed amendment may be propounded by the Board of Directors or by the Members upon receipt by the Board of Directors of a written request of the Members representing at least twenty-five percent (25%) of the votes of the Association. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

14.02 Adoption. These By-Laws may be altered, amended or appealed, or new By-Laws may be adopted by the affirmative vote or written agreement of Unit Owners consisting of a majority of the total votes of the Association.

14.03 Prohibited Amendments. No amendment that is in conflict with the Articles, the Declaration or the Act shall be adopted.

14.04 Recording. Any amendment shall become effective when recorded in the Office of

the Judge of Probate of Baldwin County, Alabama, in accordance with the Act.

Article XV
Miscellaneous

15.01 **Construction.** Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of gender shall be deemed to include all genders.

15.02 **Captions.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-laws or the intent of any provision hereof.

15.03 **Parliamentary Rules.** Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, the Declaration, or these By-Laws.

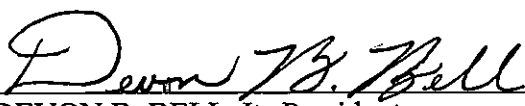
15.04 **Conflicts.** In the event of any conflict between the provisions of these By-Laws and the Declaration, the Declaration shall govern, except to the extent the Declaration is inconsistent with the Act.

15.05 **Compliance.** These By-Laws are set forth to comply with the requirements of the Alabama Nonprofit Corporation Act and the Alabama Uniform Condominium Act of 1991, and shall be considered an appendage to the Declaration filed prior hereto in accordance with said Act. In case any of these By-Laws conflict with the provisions of said statutes, it is hereby agreed and accepted that the provisions of the Act will apply.

15.06 **Repealer.** All previous By-Laws of this Association are repealed.

IN WITNESS WHEREOF, these Amended & Restated By-Laws have been executed on this 14th day of January, 2019.

LAGOON RUN CONDOMINIUM
OWNERS' ASSOCIATION, INC.


BY: DEVON B. BELL, Its President

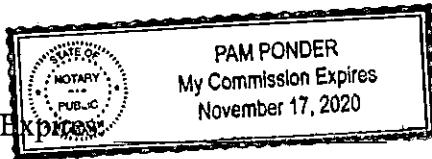
ATTESTED:


BY: JANIE L. STILWELL, Its Secretary

STATE OF Alabama)
COUNTY OF Talladega)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certifies that DEVON B. BELL, whose name as President of Lagoon Run Condominium Owners' Association, Inc., an Alabama Nonprofit Corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day, that being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation on the day the same bears date.

Given under my hand and seal this the 14th day of January, 2019.



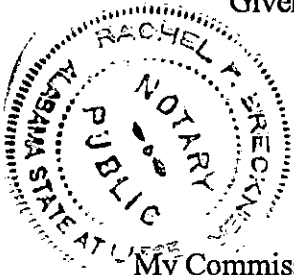
My Commission Expires


Notary Public

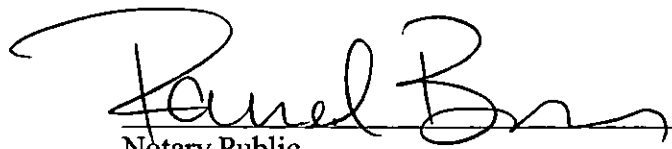
STATE OF Alabama)
COUNTY OF Baldwin)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certifies that JANIE L. STILWELL, whose name as Secretary of Lagoon Run Condominium Owners' Association, Inc., an Alabama Nonprofit Corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day, that being informed of the contents of said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said Corporation on the day the same bears date.

Given under my hand and seal this the 14th day of January, 2019.



My Commission Expires: 11/20/22


Notary Public