

DECLARATION OF CONDOMINIUM

OF

COTTON BAYOU CONDOMINIUMS, A CONDOMINIUM

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THIS DECLARATION, made this 27th day of May, 1983, by Cotton Bayou Developers, Limited, a limited partnership, herein called the DEVELOPER, for itself, its successors, grantees and assigns.

WHEREIN, the DEVELOPER makes the following declaration.

WHEREAS, Cotton Bayou Developers, Limited, a limited partnership, is the fee simple owner of that certain parcel of real property situated in the County of Baldwin, State of Alabama, and intends to improve the same in the manner hereinafter described, which said parcel of land is more particularly described as follows, to-wit:

Commence at a point where the West line of Section 9, Township 9 South, Range 5 East, intersects the North right-of-way of Alabama Highway 182; run thence North 75°08'00" East along said right-of-way of Highway No. 182 for 624.84 feet to the Point of Beginning; continue thence North 75°08'00" East along said right-of-way for 313.53 feet; run thence North 00°16'05" East for 651 feet, more or less, to the South margin of Cotton Bayou; run thence in a Southwestwardly direction along said margin of Cotton Bayou to a point that is North 00°16'05" East and 684 feet, more or less, from the Point of Beginning; run thence South 00°16'05" West for 684 feet, more or less, to the Point of Beginning. Said land being in Section 9, Township 9 South, Range 5 East, Baldwin County, Alabama.

The Developer proposes to establish the condominium, which shall be known as Cotton Bayou Condominiums, in two (2) phases, but reserves the right and option, in its sole discretion, to complete only one (1) phase as market or other relevant considerations may dictate.

Phase I will consist of three (3) two-story buildings each containing a total of eight (8) apartment units; and one (1) two-story building containing a total of four (4) apartment units, together with the access and parking facilities hereinafter described. Phase II will consist of four (4) two-story buildings each containing a total of eight (8) apartment units, and two (2) two-story buildings each containing a total of four (4) apartment units, together with the access and parking facilities hereinafter described.

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Phase I of the condominium will be created by the recording of this Declaration, which may be amended by the DEVELOPER, without requiring the approval or consent by any of the unit owners of Phase I to include Phase II of the condominium.

NOW, THEREFORE, Cotton Bayou Developers, Limited, a limited partnership, the DEVELOPER, hereby makes the following declaration as to the division to which said real property and improvements thereon may be put, hereby specifying that said Declaration shall constitute covenants to run with the land and shall be binding upon Cotton Bayou Developers, Limited, its successors and assigns, and all subsequent owners of all or any part of said real property and improvements, together with their grantees, successors, heirs, executors, administrators, devisees or assigns.

1. Purpose. The purpose of this Declaration is to submit the lands hereinafter described and the improvements to be constructed thereon to the condominium form of ownership and use in the manner provided by the "Condominium Ownership Act", Sections 35-8-1, et seq., 1975 Code of Alabama.

2. Name. The name by which this condominium is to be identified is Cotton Bayou Condominiums, A Condominium.

3.(a). The Land. The land owned by the DEVELOPER which is herewith submitted to the condominium form of ownership is the following described land situate, lying and being in the County of Baldwin, State of Alabama, to-wit:

Commence at a point where the West line of Section 9, Township 9 South, Range 5 East, intersects the North right-of-way of Alabama Highway 182; run thence North 75°08'00" East along said right-of-way of Highway No. 182 for 624.84 feet to the Point of Beginning; continue thence North 75°08'00" East along said right-of-way for 313.53 feet; run thence North 00°16'05" East for 651 feet, more or less, to the South margin of Cotton Bayou; run thence in a Southwardly direction along said margin of Cotton Bayou to a point that is North 00°16'05" East and 684 feet, more or less, from the Point of Beginning; run thence South 00°16'05" West for 684 feet, more or less, to the Point of Beginning. Said land being in Section 9, Township 9 South, Range 5 East, Baldwin County, Alabama.

(b). Phase II of the condominium, if constructed will be constructed on the land described in paragraph 3.(a). above and will be created by the recording of a incremental certificate of amendment to this Declaration, as hereinafter provided.

4. Definitions. The terms used herein and in the Bylaws shall have the meanings stated in the Condominium Ownership Act of Alabama, and as follows:

(a) "Unit" means an apartment, and includes the private elements thereof, together with the undivided interests in the common elements which are assigned thereto.

(b) "Unit Owner" means the owner of an apartment, whether singly or jointly, partnership, corporation or other legal entity or the successors, heirs, administrators, executors or assigns, or the heirs or assigns of the survivor, as the case may be.

(c) "Association" means the COTTON BAYOU CONDOMINIUMS ASSOCIATION, INC., and its successors, and is the association of Unit Owners referred to in said Act.

(d) "Common Elements" means common areas and facilities, including but not limited to all parts of the condominium property not included within the unit boundaries as described in paragraph 5.6 hereinafter, and shall include the utility spaces, and the tangible personal property required for the maintenance and the operation of the condominium as well as the items stated in the Condominium Ownership Act of Alabama. The areas designated "storage area" on Exhibit A attached hereto are common areas but they may be assigned by the Association at its discretion for the limited use of individual units.

(e) "Common Expenses" includes those as defined in said Act, together with the expenses for which Unit Owners are liable to the Association, actual or estimated, including expenditures made or liabilities incurred by the Association, and payments on obligations to reserve accounts.

(f) "Utility Services" shall include but not be limited to electrical power, water, gas, garbage and sewage disposal.

(g) "Substantial Destruction, Deterioration or Obsolescence" shall mean such destruction or deterioration or obsolescence that the condominium has lost its character as a residential development, and restoration thereof, would be the practical equivalent of a newly constructed development.

(h) "Development" comprehends the land, and all buildings, improvements and property which are a part of the condominium.

(i) "Declaration" means this declaration and all amendments thereto hereafter made.

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5. Development Plan.

.1. Phase I Plans. The Phase I improvements have been constructed by the DEVELOPER in accordance with sheets T-1; A-1; A-2; A-3; A-4; A-5; A-6; E-1; E-2; M-1; M-2; P-1; P-2; and P-3 of the plans and graphic descriptions thereof prepared by Brown & Stansell Architects and sheets C1; C2; C3; C4; C5; A-7; A-8; A-9; A-10; A-11 of plans and graphic descriptions thereof prepared by Perry A. Hand Engineering and Surveying, Incorporated, which plans and graphic descriptions are identified as Exhibit "A", hereto attached and by reference made a part hereof, including a typical set of floor plans of the buildings showing the layout, location, the designating numbers and letters of each unit in each building, which said buildings have no names but are numbered, which said plans and graphic descriptions are in sufficient detail to identify the common elements and private elements comprising the units as built, and bearing the verified statement of a Registered Architect that said drawings show the dimensions of the improvements as built. Phase I consists of buildings numbers 1, 4, 6 and 10 as shown on said plans.

.2. Plans for Phase II. The improvements in Phase II will be constructed by the DEVELOPER substantially in accordance with the typical plans and graphic descriptions thereof, prepared by Brown & Stansell Architects, as shown upon sheets T-1; A-1; A-2; A-3; A-4; A-5; A-6; E-1; E-2; M-1; M-2; P-1; P-2; and P-3 and upon sheets C1; C2; C3; C4; C5; A-7; A-8; A-9; A-10; A-11 of plans and graphic descriptions thereof prepared by Perry A. Hand Engineering and Surveying, Incorporated, of Exhibit "A", attached hereto, and showing the lay-out, location and designating numbers and letters of each unit in each building, which said buildings have no names but are numbered. Phase II shall consist of buildings numbered 2, 3, 5, 7, 8 and 9.

.3. Changes. In order to meet possible unforeseen or varying demands for the number and type of unit, or in order to meet particular requirements of prospective purchasers, lending institutions or title insurance companies, or for any other reason, the DEVELOPER reserves the right to change the size, dimensions, number and location of buildings, units and other improvements in Phase II, and the size, dimensions, layout, location and the method of determining the undivided percentage of ownership in the common elements of Phase II for which a purchase agreement has not been executed by the DEVELOPER or with respect to which the purchaser is in default, provided such changes do not change the common elements or the method of determining the undivided percentage interest of ownership in the common elements of any unit in Phase I except as contemplated hereby and as shown on Exhibit A as being reserved for the development of Phase II. The DEVELOPER further reserves the right to substitute for any of the materials, equipment and other articles herein mentioned materials, equipment and articles of equal or better value.

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.4. Amendment of Plans. This Declaration may be amended by the filing of plans for the construction of improvements built in Phase II and as may be required to accurately describe the improvements in such phase so incorporated into the condominium hereinafter and in order to show completion of improvements. Such completion may be shown by the filing of a verified statement of a licensed or registered architect or engineer certifying that the completed improvements have been constructed as herein represented and upon the plans herewith filed, or, if not so constructed, then designating the changes made and certifying that the plans being filed simultaneously with such certificate fully and accurately depict the layout, location, numbers, size and dimensions of the units in Phase II. Such plans, or certificate, or both, when signed and acknowledged by such a licensed or registered architect or engineer, and by the DEVELOPER, shall constitute an amendment to this Declaration without approval of the Association, unit owners, lessees or mortgagees of units in the condominium, whether or not elsewhere required for an amendment.

.5. Phase II Development. The DEVELOPER, at its sole option, may develop Phase II of the condominium by filing, within the time hereafter provided, an incremental certificate of amendment to this Declaration at the time of or prior to the recordation of the first conveyance of a unit in Phase II; provided, however, that if Phase II be not incorporated into the condominium by the filing of such an incremental certificate of amendment on or before five (5) years from the date of the filing of this Declaration, then Phase II shall not be or become a part of the condominium except by amendment of this Declaration in the manner provided in paragraph 19 hereof. The total condominium property shall consist of the condominium property hereby created as Phase I, and any condominium property hereafter created and added thereto as Phase II, and all shall be operated as one (1) joint condominium property from and after the legal creation of the same, which said joint condominium property shall equally administer, use and enjoy the common elements of each phase then and from time to time constituting said condominium property.

.6. Easements. Easements are reserved throughout the condominium property as may be required for utility services in order to adequately serve the condominium; provided, however, such easements to a unit shall be only in accordance with the plans and specifications for the building or as the buildings are constructed, unless approved in writing by the unit owner. Each unit owner shall have an easement in common with the owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of

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the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common elements serving such other units and located in such unit. The Association shall have a right of access to each unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common elements contained therein or elsewhere in any building.

.7. Access. Each unit has a right of access to a public street or highway, that is to say, to Alabama Highway 182, upon and over elements providing such access all as shown upon the site plan (Exhibit "A", page 1, hereto attached). The immediate common elements by which each unit has access to such public street or highway are (i) the concrete walkways running along the face of the buildings and the grounds, and (ii) the parking areas and driveways, all as shown upon the site plan (Exhibit "A", page 1, hereto attached).

6. Descriptions.

.1. The Buildings. There are three configurations of buildings, which are identified as Building Type 1, Building Type 2 and Building Type 3. Building Type 1 is subdivided into either four (4) 2-bedroom units or four (4) 3-bedroom units. All buildings of Building Type 2 are subdivided into eight (8) 2-bedroom units. The buildings of Building Type 3 are subdivided into either two (2) 2-bedroom units or two (2) 3-bedroom units. The lay-out, location and dimensions of each unit are found by reference to the Building Legend on sheet T-1 of Exhibit "A" and by determining the type of building from the site plan (Exhibit "A", page C-1, hereto attached) and by reference to the typical drawings in building types (Exhibit "A", sheets A-1 through A-10, inclusive) and by reference to the floor plans and elevations of the typical building of which the unit is located; or by reference to the plans or other graphic description, certified by a licensed or registered engineer or architect in sufficient detail to identify the common elements and private elements comprising each unit as built, and which shall be recorded as a part of this Declaration or as an amendment thereto. The buildings will be on wood pilings, except where otherwise required by any unusual elevation, will be of wood frame throughout, with wood (cedar, cypress, or redwood) siding finish.

.2. Private Elements. The description and location of the private elements and the appurtenances thereto are determined with the aid and of the plans therefor, attached hereto, and as follows:

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(a) Units Lettered. Each unit is assigned a letter, and is in a numbered building, which is indicated on the plans hereto attached.

(b) Changes. The DEVELOPER reserves the right to change the interior design and arrangement of all units so long as the DEVELOPER owns the unit so altered.

(c) Type 2. Units of this type have approximately 1040 square feet of living area with two (2) bedrooms and two (2) baths.

(d) Type 3. Units of this type have approximately 1239 square feet of living area with three (3) bedrooms and two (2) baths.

(e) All Units. All units have: roll vinyl in kitchen and utility, and baths; carpet in all other rooms; single hung insulated bronzed aluminum windows; insulated door; selfcleaning oven; dishwasher; garbage disposal; refrigerator with ice maker; range and fan/hood; electric heat pumps for cooling and heating, forty (40) gallon gas water heater, and parking space and storage space beneath building.

(f) Substitutions. DEVELOPER reserves the right to substitute substantially equivalent materials and/or equipment in any type unit.

.3. Common Elements. The common elements of the condominium include all parts of the condominium property not located within the perimeter boundaries of the apartment units, as hereinafter described, being the facilities located substantially as shown on the plans hereto attached, and include but are not limited to the following:

(a) All central and appurtenant installations for services such as power, light, telephone, storm drains, sewer and water, TV cables, heat and air conditioning, including all pipes, ducts, wires, cables, and conduits used in connection therewith, whether located in the common areas or in units, and all utility and mechanical equipment, buildings and spaces, which are not used or reserved for the exclusive use of certain units.

(b) Automobile parking spaces not assigned to the exclusive use of any unit.

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(c) All outdoor and exterior lights, excepting such as are in a balcony assigned to the exclusive use of a unit.

(d) All foundations, piers, columns, girders, beams, and supports of buildings, and such component parts of walls, roofs, floors, and ceilings, and stairs as are not located within the units.

(e) Lawn areas, landscaping and walkways.

(f) All tanks, pumps, wells, motors, fans, compressors, and control equipment, fire fighting equipment and garbage equipment which are not reserved for the use of certain units.

(g) All other parts of the development existing for the common use or necessary to the existence, maintenance and safety of the development.

(h) All other items listed as such in the Condominium Ownership Act of Alabama, Act No. 1059, 1973 Regular Session, Alabama Legislature, and located on the property.

.4. Unit Boundaries. Each unit shall include that part of the building containing the unit which lies within the boundaries of the unit, which boundaries shall be determined in the following manner:

(a) Horizontal Boundaries. The upper and lower boundaries of each unit shall be:

(i) Upper Boundary. The plane of the under surfaces of the roof rafters.

(ii) Lower Boundary. The upper surface of the floor slab or, if there be no slab, of the floor joists.

(b) Vertical Boundaries. The vertical boundaries of the units shall be:

(i) The plane of the inside surfaces of the studs which are the component parts of exterior walls and of interior walls separating an apartment unit from other apartment units.

.5. Surfaces. An owner shall not be deemed to own the studs and structural components of the perimeter walls and/or of

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load-bearing walls, or pilings, nor the windows and doors bounding the unit, nor balcony fences or railings enclosing the balcony assigned to the exclusive use of the unit. An owner however, shall be deemed to own and have the exclusive right and duty to repair and maintain paint, repaint, tile, wax, paper or otherwise finish and decorate the surfacing materials on the interior walls separating an apartment unit from other apartment units, and the surfacing materials of the floors of his unit, and the interior surfaces of fences or railings enclosing the balcony area assigned to the exclusive use of his unit; all window screens, and all appurtenant installations, including all pipes, ducts, wires, cables and conduits used in connection therewith, for services such as power, light, telephone, sewer, water, gas, heat and air conditioning, and TV, whether located in the boundaries of the unit or in common areas, which are for the exclusive use of the unit; and all ceilings and partition walls. An owner shall have the exclusive right and duty to wash and keep clean the interior and exterior surfaces of windows and doors bounding his unit.

.6. Balconies. A valid exclusive easement is hereby declared and established for the benefit of each unit and its owner consisting of the right to use and occupy the balcony serving the unit.

7. Determination of Percentages of Ownership in Common Elements, Common Expenses and Common Surplus. The percentage of undivided interest of each unit in the common areas shall be equal; that is to say, at any given time the undivided percentage of ownership of each unit then in the condominium shall be that percentage arrived at by using One Hundred percent (100%) as the numerator and the number of units then incorporated into the condominium as the denominator. For example, if the number of units in the condominium is ten (10), then the percentage of undivided interest of each unit in the common areas is ten percent (10%); or if the number of units then in the condominium is twenty-five (25), the percentage of undivided interest of each unit then in the condominium in the common areas is four one-hundredths percent (.04%). For purposes of percentage of ownership in the common elements, percentage of common expenses, and percentage of common surplus, and voting on all matters requiring action by the owners, the percentages as determined by the method stated shall govern; and upon the incorporation of Phase II, the percentage of undivided interest of each unit shall be redetermined in accordance with the method herein established and shall govern according to the situation which then may be applicable. The common expenses shall be charged to the unit owners according to the percentages of the undivided interests of the respective units in the common elements. The common surplus

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shall be a trust fund for the unit owners and shall be either distributed among the unit owners according to the respective percentages of the undivided interest of the respective units in the common elements or applied to the following year's assessment, unless otherwise determined by the Board of Directors of the Association which shall not in any event use such surplus or any part thereof in any way other than to furnish service, insurance, goods or other items of value to the unit owners.

8. Encroachments. If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same so long as such building stands shall exist. In any event any building, any unit, any adjoining unit, or any adjoining common element, shall be partially or totally destroyed as a result of fire, or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such building shall stand.

9.1. Units Subject to Declaration, Bylaws and Rules and Regulations. All present and future owners, tenants and occupants of units shall be subject to, and shall comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, the Bylaws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant and occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

.2. Exclusive Ownership. Each owner shall be entitled to exclusive ownership and possession of his unit. Each owner shall be entitled to an undivided interest in the common elements in the percentages expressed in this Declaration, which percentages of undivided interest of each owner shall have a permanent character and, except by the addition of Phase II as herein

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provided, shall not be altered without the consent of all owners expressed in an amended Declaration duly recorded. The percentage of the undivided interest in the common elements shall not be separated from the unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. Each owner may use the common elements in accordance with the purposes for which the same are intended, without hindering or encroaching upon the lawful rights of the other owners.

.3. Enforcement. Failure of any owner to comply strictly with the provisions of this Declarations, the Bylaws and the Rules and Regulations, shall be grounds for an action to recover sums due, or damages, or injunctive relief or any or all of them. Such actions may be maintained by the Association on its own behalf or on behalf of the unit owners aggrieved. In any case of flagrant or repeated violation by a unit owner, he may be required by the Association to give sufficient surety or sureties for his future compliance with the provisions of this Declaration, the Bylaws and the Rules and Regulations. Nothing herein contained shall prevent, in a proper case, an independent action by an aggrieved unit owner for such relief.

10. Maintenance. The responsibility for the maintenance of the condominium property shall be as follows:

.1. Units.

(a) By the Association. The responsibility of the Association shall be as follows:

(i) To maintain, repair and replace all portions of a unit, except interior surfaces and surfacing materials, contributing to the support of the building, which portions shall include but not be limited to the outside walls of the building and all fixtures thereon; and boundary walls of units, floors, load-bearing columns and load-bearing walls.

(ii) To maintain, repair and replace all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portion of a unit maintained by the Association, and all such facilities contained within a unit which service part or parts of the condominium other than the unit within which contained.

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(iii) To repair all incidental damage caused to a unit in the performance of any of the foregoing work.

(b) By the Unit Owner. The responsibility of the unit owner shall be as follows:

(i) To maintain, repair and replace all portions of his unit except the portions to be maintained, repaired and replaced by the Association. Such shall be done without disturbing the rights of other unit owners.

(ii) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the building and/or the balconies assigned to the exclusive use of the unit owner.

(iii) To maintain the interior surfaces of all exterior doors and windows of his unit.

(iv) To maintain, repair and replace all heating, air conditioning, utility and mechanical equipment, and all sewer, water and gas lines; including all pipes, ducts, wires, cables and conduits used in connection therewith, which are for the exclusive use of his unit, whether or not located within the boundaries of his unit.

(v) To promptly report to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

(c) Alteration and Improvement. Neither a unit owner nor the Association shall make any alterations in the portions of a unit or building which are to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do any work which would jeopardize the safety or soundness of the building, or impair any easement, without first obtaining approval in writing of the owners of all other units in the building concerned with the approval of the Board of Directors of the Association.

.2. Common Elements.

(a) By the Association. The maintenance and operations of the common elements shall be the responsibility and the expense of the Association.

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(b) Additions, Alterations and Improvements. After the completion of the improvements included in the common elements which are contemplated by this Declaration, there shall be no further additions to common elements (except by any changes or additions resulting from the construction of Phase II) without prior approval in writing of seventy-five percent (75%) of the votes of the unit owners, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units so approving, provided, however, that any alteration or improvement of common elements which constitute or are contained in the boundaries of units bearing the approval in writing of unit owners entitled to cast fifty-one percent (51%) of the votes in the Association, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units of such approving unit owners, and which does not prejudice the rights of any owners not consenting, may be done if the owners who do not approve are relieved from the initial cost thereof. There shall be no change in the share and rights and obligations of a unit owner in the common elements which are altered or further improved, whether or not the unit owner contributes to the initial cost thereof. Any such alteration or addition shall be done in accordance with complete plans and specifications therefor first approved in writing by the Board; and promptly upon completion of such additional building or structural alteration or addition to any structure, the Association shall duly record or file of record in the Office of the Judge of Probate of Baldwin County, Alabama, such amendment together with a complete set of plans of the condominium, as so altered, certified "as built" by a licensed or registered engineer or architect.

11. Assessments. The Board of Directors of the Association shall have the authority for and duty of making and collection of assessments against unit owners for common expenses pursuant to the Bylaws and subject to the following provisions:

.1. Share of Common Expenses. Each unit owner shall be liable for a proportionate share of the common expenses, and shall share in the common surplus, such share being the same as his percentage of ownership in the common elements.

.2. Interest, Application of Payments. Assessments, and installments thereon, paid on or before fifteen (15) days after the date when due shall not bear interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear such late charges, penalties, interest, and other costs and expenses as shall be fixed by the Bylaws, together with all

expenses, including attorneys' fees, incurred by the Association in any undertaking to collect such unpaid assessments and expenses. All payments upon account shall be first applied to such late charges, penalties, interest and other costs and expenses, including attorneys' fees, and then to the assessment payment first due.

.3. Liens for Assessments. The Association is hereby granted a lien upon each unit and its appurtenant undivided interest in common elements, and upon the goods, furniture and effects belonging to the unit owner and located in such unit, which lien shall secure and does secure the moneys due for all assessments now or hereafter levied or subject to being levied against the owner of each unit, which lien shall also secure such late charges, penalties and interest, if any, which may be due on the amount of any delinquent assessment owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorneys' fee, which may be incurred by the Association in enforcing this lien upon said unit and its appurtenant undivided interest in the common elements. The said lien for non-payment of common expenses shall have priority over all other liens and encumbrances, recorded or unrecorded, except only (1) tax lien on the unit in favor of the State, the County, any municipality and any special district, and (2) all sums unpaid on a first mortgage of record. In any suit for the foreclosure of said lien, the Association shall be entitled to rental from the owner of any unit from the date on which the payment of any assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said unit, without notice to the owner of such unit. The rental required to be paid shall be equal to the rental charged on comparable type of dwelling units in Baldwin County, Alabama. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the maximum legal rate on any such advances made for such purposes. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association.

.4. Rental Pending Foreclosure. In any foreclosure of a lien for assessments, the owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit.

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.5. No Exemption from Assessments. No owner of a unit may exempt himself from liability for contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit, or by any other means; except that any holder of a mortgage which comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed in lieu of foreclosure, shall take the property free of any claims for unpaid assessments against the mortgaged unit which accrue prior to the time such holder comes into possession (except for claims for a pro rata share of such assessments resulting from a pro rata allocation of such assessment to all units including the mortgaged unit); and shall not be liable for contribution toward common expenses until the subject unit shall have been leased or sold.

.6. Statement of Unpaid Assessments. The Association shall promptly provide any unit owner and/or the holder of a mortgage comprising a first lien on any unit or the grantee in any voluntary conveyance of a unit so requesting the same in writing with a written statement of all unpaid assessments due from the unit owner.

12. Association. The operation and administration of the condominium shall be by the Association of the unit owners, pursuant to the provisions of the Condominium Ownership Act of Alabama, which said Association shall be incorporated by Articles of Incorporation recorded in the Office of the Judge of Probate of Baldwin County, Alabama. The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or non-exercise of its powers. It shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of unit owners of the condominium 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 mechanical elements serving only a unit; and with reference to any and all other matters in which all the unit owners of the condominium have a common interest. It shall have the authority through its Board of Directors 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 condominium and to authorize any officer of the Association to execute the same. The Association shall be further organized and shall fulfill its functions pursuant to the following provisions:

.1. Name. The name of the Association shall be COTTON BAYOU CONDOMINIUMS ASSOCIATION, INC.

.2. Powers. The powers and duties of the Association shall include those set forth in the Condominium Ownership Act, and those set forth in this Declaration and the Bylaws of the Association, attached to and made a part hereof, and shall have

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the power to purchase a unit of the condominium. The powers of the Association shall include but not be limited to the maintenance, management and operations of the condominium property.

.3. Members.

(a) Qualification. The members of the Association shall consist of all of the record owners of units.

(b) Change of Membership. Change of membership in the Association shall be established by the recording in the public records of Baldwin County, Alabama, of a deed or other instrument establishing a record title to a unit in the condominium, and the delivery to the Association of a certified copy of such instrument, the owner designated by such instrument thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated.

(c) Voting Rights. Each unit shall be entitled to one (1) vote, the numerical value of which shall be the percentage assigned to the unit of which the member is the owner. The vote for a unit shall be cast by the owner thereof or the owner of a possessory interest therein, or in the case of a corporate owner, by an officer or employee thereof. Owners of more than one (1) unit shall be entitled to a vote for each unit owned. However, should the Association be the unit owner, it shall not have the voting right for that unit.

(d) Designation of Voting Representative. In the event a unit is owned by one (1) person, his right to vote shall be established by the record title to his unit. If a unit is owned by more than one (1) person, the person entitled to cast the vote for the unit shall 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, the officer or employee thereof entitled to cast the vote for the unit shall be designated by a certificate of appointment signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. If such a certificate is not on file with the Secretary of the Association for a unit owned by more than one (1) person or by a corporation, the membership or vote of the unit concerned shall not be considered in determining the requirement for a quorum nor for any purpose requiring the approval of the person entitled to cast the

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vote for the unit. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the unit concerned is effected. A certificate designating the person entitled to cast a vote of a unit may be revoked by any owner thereof.

(e) Approval or Disapproval by Unit Owners. Whenever the approval or disapproval of a unit owner is required upon any matter, whether or not the subject of an Association meeting, such approval or disapproval shall be expressed by the same person who would cast the vote of such owner if in an Association meeting, unless the joinder of all record owners is specifically required by this Declaration.

(f) Restraint Upon Assignment of Shares in Assets. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

.4. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not less than three (3) nor more than five (5), and shall be selected from such phases of the condominium as may at such time be incorporated into the condominium, 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.

.5. Indemnification. Every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, or any settlement thereof, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

.6. Limitation of Liability. Notwithstanding the liability of the Association to maintain and repair parts of the condominium property, the Association shall not be liable for injury or damage caused by a latent condition of the property to

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be maintained and repaired by the Association or for injury or damage caused by the elements, or other owners or persons.

.7. Bylaws. Bylaws of the Association shall be in the form attached as Exhibit "B" hereto.

13. Insurance. Insurance (other than title insurance) which shall be carried upon the condominium property and the property of the unit owners shall be governed by the following provisions:

.1. Authority to Purchase. All insurance policies upon the condominium property shall be purchased by the Association in the name of the Association as trustee for each of the unit owners in the percentages of ownership set forth in the Declaration, and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of unit owners. Such policies shall be deposited with the Association. A unit owner may at his own expense additionally insure his own unit for his own benefit provided such additional insurance upon his unit be placed with the Association's insurance agent; and provided, further, that any diminution in insurance proceeds to the Association resulting from the existence of such other insurance shall be chargeable to the owner who acquired such other insurance, who shall be liable to the Association to the extent of any such diminution and/or loss of proceeds. A unit owner may obtain at his own expense insurance coverage upon his own personal property, and such other coverage, including personal liability, as he may desire.

.2. Coverage:

(a) Casualty. All building and improvements upon the land and all personal property comprising the condominium property shall be insured with a single insurance agent in an amount equal to at least 100% of current replacement value, without deduction for depreciation, as determined annually by the Board of Directors of the Association. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild.

(i) Loss or damage by fire or other hazards covered by a standard extended coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including but not limited to vandalism and malicious mischief.

(b) Public Liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association, but in no event less than \$1,000,000.

(c) Workmen's Compensation policy, if needed to meet the requirements of the law.

(d) Flood Insurance in an amount equal to the casualty insurance coverage in the event any survey prepared on the condominium by a licensed surveyor indicates that the condominium is located in a flood plain as define by licensed surveyors.

(e) Fidelity Coverage upon the happening of the earlier event set forth in Section 15.6 herein, for all officers and directors of the Association, in at least an amount equal to the amount held in the Maintenance Fund Reserve plus the annual assessment for common expenses.

(f) Other Insurance. The Board may purchase and maintain in force debris removal insurance, fidelity bonds, and other insurance and/or bonds as it may deem necessary. The Board is authorized to provide coverage for payment of maintenance charges in behalf of an owner whose unit is rendered uninhabitable by a peril insured against, and to absolve such an owner of the obligation to pay maintenance charges to the extent that the same are offset by proceeds from such coverage.

(g) Revision. Insurance coverages will be analyzed by the Board, or its representative, at least every five (5) years from the date hereof and the insurance program revised accordingly.

.3. Provisions. Every such policy of insurance shall in substance and effect:

(a) Provide that the liability of the insuror thereunder shall not be affected by, and that the insuror shall not claim any right of set-off, counterclaim, apportionment, proration or contribution by reason of any other insurance obtained by or for any apartment owner.

(b) Contain no provision relieving the insuror from liability for a loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Association, or because of any breach of warranty or condition or any other act or neglect by the Association or any unit owner or any other persons under either of them.

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(c) Provide that such policy may not be cancelled (whether or not requested by the Association) except by the insurer giving at least thirty (30) days' prior written notice thereof to the Association, the fee owner, and every other person in interest who shall have requested such notice of the insurer.

(d) Contain a waiver by the insurer of any right of subrogation to any right of the Association, or either against the owner or lessee of any unit; and

(e) Contain a standard mortgagee clause which shall:

(i) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any unit, whether or not named therein; and

(ii) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Association or unit owners or any persons under any of them; and

(iii) Waive any provisions invalidating such mortgagee clause by reason of the failure of the mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

.4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

.5. Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering casualty losses shall be paid to the Association, as Trustee for each of the unit owners in the percentages established by the Declaration, which said Association, for the purpose of these provisions, is herein referred to as the Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein and for the benefit of the unit owners and their mortgagees, as follows:

(a) Common Areas and Facilities. Proceeds on account of damage to common areas and facilities - an undivided share for each unit owner, such share being the same as his undivided share in the common areas and facilities appurtenant to his unit.

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(b) Units. Proceeds on account of units shall be held for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Association.

(c) Mortgages. In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

.6. Distribution of Proceeds. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be used to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by him.

.7. Association as Agent. The Association is hereby irrevocably appointed agent for each unit owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.

14. Reconstruction or Repair After Casualty. In the event of the damage or destruction of all or part of the property, then, unless it be determined by a vote of one hundred percent (100%) of the owners and one hundred percent (100%) of all record owners of liens on the units not to repair or reconstruct such damaged or destroyed property, the following provisions shall apply:

.1. Reconstruction or Repair. If any part of the condominium property shall be damaged by casualty, it shall be reconstructed or repaired.

(a) Common Areas and Facilities. If the damaged improvement is a common area or facility, the damaged property shall be reconstructed, replaced or repaired.

(b) Building.

(i) Partial Destruction. If the damaged improvement is part of a building, the damaged property shall be reconstructed or repaired.

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(ii) Total Destruction. If a building is so damaged that the same is untenable, the building shall be reconstructed.

(c) Plans and Specifications. Any such reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, or as the building was last constructed, or according to plans approved by the Board of Directors of the Association, which approval shall not be unreasonably withheld.

.2. Responsibility. If the damage is only to those parts of a unit for which the responsibility of maintenance and repair is that of a unit owner, then the unit owner shall be responsible for the reconstruction and repair after casualty. In all other instances the responsibility for reconstruction and repair after casualty shall be that of the Association.

.3. Estimates of Costs. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

.4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, assessments shall be made against the unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the unit owners who own the damaged property, and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for reconstruction and/or repair of damages to units shall be in proportion to the cost of reconstruction and repair of their respective units. Such assessments for reconstruction and/or repair of damage to common areas and facilities shall be in proportion to the owner's share in the common areas and facilities.

.5. Constuction Funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible which shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the

Association from assessment against unit owners, shall be disbursed in payment of such costs in the following manner:

(a) Association. The proceeds of insurance collected on account of a casualty, and the sums deposited with the Association from collections of assessments against the unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(i) Unit Owner. The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with the unit owner shall be paid by the Insurance Trustee to the unit owner or, if there is a mortgagee endorsement, then to the unit owner and the mortgagee jointly.

(ii) Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than the total of the annual assessments for recurring expense to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request to the Insurance Trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(iii) Association - Major Damage. If the amount of estimated costs of reconstruction and repair which is the responsibility of the Association is more than the total of the annual assessments for recurring expense to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in Alabama and employed by the Association to supervise the work.

(iv) Surplus. It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be

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distributed to the beneficial owners of the fund in the manner elsewhere herein provided.

15. Use Restrictions. The use of the property of the condominium shall be in accordance with the following provisions:

.1. Single Family Residences. The condominium property shall be used for the furnishing of services and facilities herein provided for the enjoyment of the residences. Each of the units shall be occupied as a residence and for no other purpose.

.2. Nuisances. No nuisances shall be allowed upon the condominium property nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist.

.3. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned.

.4. Leasing. Entire units may be rented. No individual rooms may be rented and no transient tenants may be accommodated.

.5. Rules and Regulations. Reasonable Rules and Regulations concerning the use of the condominium property may be made by the DEVELOPER and amended from time to time by the Board of Directors of the Association; provided, however, that all such amendments thereto shall be approved by not less than a majority of the votes of the Association before such shall become effective. Members not present at meetings considering such Rules and Regulations or amendments thereto may express their approval or disapproval in writing. Copies of such Rules and Regulations or amendments thereto shall be furnished by the Association to all unit owners and residents of the condominium upon request.

.6. Proviso. Provided, however, that until four (4) months after the DEVELOPER of the condominium has completed and sold 75% of the units of the condominium, (including Phase II

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units, if incorporated into the condominium prior to September 1, 1985) or until five (5) years following the conveyance of the first unit, or until DEVELOPER elects to terminate its control of the condominium, whichever shall first occur, the Rules and Regulations adopted by the DEVELOPER shall govern, and there shall be no meeting of members of the Association unless a meeting is called by the Board of Directors. Neither the unit owners nor the occupants shall interfere with the completion of the contemplated improvements and the sale of the units. DEVELOPER may make such use of the unsold units and of the common areas and facilities as may facilitate such completion and sale, including but not limited to the showing of the property and the display of signs.

16. Maintenance of Community Interests. In order to maintain a community of congenial residents, preserve the financial stability of the condominium regime, and protect the value of the units, the transfer of condominium parcels by any owner other than the DEVELOPER shall be subject to the following provisions so long as the condominium exists:

.1. Transfers Subject to Approval.

(a) Sale. No unit owner may dispose of an apartment unit or any interest therein by any sale without approval of the Association, except to another unit owner.

(b) Lease. No unit owner may dispose of an apartment unit or any interest therein by lease of a term of more than one (1) year without approval of the Association, except to another unit owner.

(c) Gift. If any unit owner shall acquire his title by gift, the continuance of his ownership of his apartment unit shall be subject to the approval of the Association.

(d) Devise or Inheritance. If any unit owner shall acquire his title by devise or inheritance, the continuance of his ownership of his apartment unit shall be subject to the approval of the Association.

(e) Other Transfers. If any unit owner shall acquire his title by any manner not heretofore considered in the

foregoing sub-sections, the continuance of his ownership of his apartment unit shall be subject to the approval of the Association.

.2. Approval by Association. The approval of the Association which is required for the transfer of apartment units shall be obtained in the following manner:

(a) Notice to Association.

(i) Sale. A unit owner intending to make a bona fide sale of his unit or any interest therein shall give to the Association at least fifteen (15) days' written notice of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Association may reasonably require.

(ii) Lease. A unit owner intending to make a bona fide lease of his unit or any interest therein for a term of more than one (1) year shall give to the Association at least fifteen (15) days' written notice of such intention, together with the name and address of the intended lessee, such other information concerning the intended lessee as the Association may reasonably require, and an executed copy of the proposed lease.

(iii) Gift, Devise or Inheritance; Other Transfers. A unit owner who has obtained his title by gift, devise or inheritance, or by any other manner not heretofore considered, shall give to the Association notice of the acquiring of his title, together with such information concerning the unit owner as the Association may reasonably require, and a certified copy of the instrument evidencing the owner's title.

(iv) Failure to Give Notice. If the notice to the Association herein required is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a unit, the Association at its election and without notice may approve or disapprove the transaction or ownership. If the Association disapproves the transaction or ownership, the Association shall proceed as if it had received the required notice on the date of such disapproval.

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(b) Certificate of Approval.

(i) Sale. If the proposed transaction is a sale, then within fifteen (15) days after receipt of such notice and information the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President or Secretary in recordable form and shall be delivered to the purchaser and shall be recorded in the public records of Baldwin County, Alabama.

(ii) Lease. If the proposed transaction is a lease for a term of more than one (1) year, then within fifteen (15) days after receipt of such notice and information the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President or Secretary in recordable form and shall be delivered to the lessee.

(iii) Gift, Devise or Inheritance; Other Transfers. If the unit owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner, then within fifteen (15) days after receipt of such notice and information the Association must either approve or disapprove the continuance of the unit owner's ownership of his unit. If approved, the approval shall be stated in a certificate executed by the President or Secretary in recordable form and shall be delivered to the unit owner and shall be recorded in the public records of Baldwin County, Alabama.

.3. Disapproval by Association. If the Association shall disapprove a transfer of a unit, the matter shall be disposed of in the following manner:

(a) Sale. If the proposed transaction is a sale, then within thirty (30) days after notifying the unit owner of such disapproval, the Association shall deliver or mail by certified mail to the unit owner an offer to purchaser either by the Association, or by a purchaser approved by the Association, and to whom the unit owner must sell the unit upon the following terms:

(i) At the option of the purchaser to be stated in his offer, the price to be paid shall be that stated in the disapproved contract to sell, or, if less, then the

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fair market value, determined by arbitration in accordance with the then existing rules of American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association, who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale upon any award rendered by the arbitrators may be entered in a court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(ii) The purchase price shall be paid in cash.

(iii) The sale shall be closed within twenty (20) days after the delivery or mailing of said offer to purchase, or within ten (10) days after the determination of the sale price if such is by arbitration, whichever is the later.

(iv) If the Association shall fail to purchase or to provide a purchaser as herein required, then notwithstanding the disapproval, such transfer of ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided.

(b) Lease. If the proposed transaction is a lease for a term of more than one (1) year, the unit owner shall be advised of the disapproval in writing, and the lease shall not be made.

(c) Gift, Devise or Inheritance; Other Transfers. If the unit owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner, then within fifteen (15) days after the receipt from the unit owner of the notice and information required to be furnished, the Association shall deliver or mail by certified mail to the unit owner an offer to purchase either by the Association or by a purchaser approved by the Association, and to whom the unit owner must sell the unit upon the following terms:

(i) The sale price shall be the fair market value determined by agreement within fifteen (15) days from the delivery or mailing of such offer, and, in the absence of such agreement, by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon an

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average of their appraisals of the unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(ii) The purchase price shall be paid in cash.

(iii) The sale shall be closed within ten (10) days following the determination of the sale price.

(iv) If the Association shall fail to purchase or to provide a purchaser as herein required, then notwithstanding the disapproval, such transfer of ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided.

.4. Unit Mortgage. No unit owner may mortgage his unit nor any interest therein without the approval of the Association, except to a bank, life insurance company, savings and loan association, mortgage banker, FHA or VA authorized lender, FNMA or FHLMC authorized lender or other financial institution. The approval of any other mortgage may be upon conditions determined by the Association or may be arbitrarily withheld. This provision, however, shall not prohibit the granting of a purchase money mortgage by the purchaser of a unit to the seller thereof upon the resale of such unit by the original or subsequent owner thereof.

.5. Blanket Mortgage. Notwithstanding any other provision of this Declaration or the Bylaws, the entire condominium property or some or all of the units included therein may be subjected to a single or blanket mortgage constituting a first lien thereon created by a recordable instrument executed by all of the owners of the property or units covered thereby. The instrument creating any such mortgage shall provide a method whereby any unit owner may obtain a release of his unit from the lien of such mortgage, and a satisfaction and discharge in recordable form, upon payment to the holder of the mortgage of a sum equal to the proportionate share attributable to his unit of the then outstanding balance of unpaid principal and accrued interest and any other charges then due and unpaid, which proportionate share attributable to each unit shall be the proportion in which all unit owners whose units are then subject to the lien of such mortgage own among themselves the common elements and the private elements as provided in the Declaration, or such other reasonable proportion as shall be specifically provided in the mortgage instrument; and such mortgage may contain provisions for converting the same to individual mortgages on the individual units included therein.

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.6. Exceptions. The foregoing provisions of this section entitled "Maintenance of Community Interests" shall not apply to a transfer to or purchase by any holder of the mortgage which comes into possession and title of the unit as a result of owning a mortgage upon the unit concerned, and this shall be so whether the title is acquired pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed from the mortgagor in lieu of foreclosure; nor shall such provisions apply to a transfer, sale or lease by such holder of the mortgage which so acquires its title. Neither shall such provisions require the approval of a purchaser who acquires the title to a unit at a duly advertised public sale with open bidding as may be provided by law, such as but not limited to execution sale, foreclosure sale, judicial sale or tax sale.

.7. Unauthorized Transactions. Any sale, mortgage or lease which is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

.8. Notice of Lien or Suit.

(a) Notice of Lien. A unit owner shall give notice to the Association of every lien upon his unit other than for permitted mortgages, taxes and special assessments, within five (5) days after the owner's receipt of notice thereof.

(b) Notice of Suit. A unit owner shall give notice to the Association of every suit or other proceeding which may affect the title to his unit, such notice to be given within five (5) days after the unit owner receives knowledge thereof.

(c) Failure to Comply with this sub-section concerning liens will not affect the validity of any judicial sale.

17. Compliance and Default. Each unit owner shall be governed by and shall comply with the terms of the condominium documents and regulations as they may be amended from time to time. A default shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Condominium Ownership Act:

.1. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence or carelessness or by that of any member of his family or his or their guests, employees, agents, or lessees, 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 insurance rates occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances.

.2. Costs and Attorneys' Fees. In any proceeding arising because of an alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorneys fees as may be awarded by the Court.

.3. No Waiver of Rights. The failure of the Association or any unit owner to enforce any covenant, restriction, or other provision of the Condominium Ownership Act, this Declaration, the Bylaws, or the Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

18. Covenant Against Partition. There shall be no judicial or other partition of the project or any part thereof, nor shall DEVELOPER or any person acquiring any interest in the project or any part thereof seek any such partition unless the property has been removed from the provisions of the Condominium Ownership Act, as in said Act provided.

19. Amendment. This Declaration of Condominium and the Bylaws of COTTON BAYOU CONDOMINIUMS ASSOCIATION, INC., may be amended in the following manner:

.1. Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

.2. Resolution. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by ten percent (10%) of the members of the Association, and after being so proposed and thereafter approved by one (1) of such bodies, it must then be approved by the other to become effective. Directors and members not present at the meeting considering the amendment may express their approval or disapproval in writing, providing such approval or disapproval is delivered to the Secretary at or prior to the meeting. Such approvals must be by not less than a majority of the Directors and by not less than a majority of the votes of the Association; provided, however, that any such amendment shall have been approved in writing by all mortgagees who are the holders of mortgages which are liens on the units of the approving owners; and provided, further, that every amendment that alters the percentage of undivided interest of an owner in the common areas

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and facilities or that alters or impairs any common area and facility or any easement or hereditament shall require the unanimous approval of all such owners and all such mortgagees.

.3. Recording. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Office of the Judge of Probate of Baldwin County, Alabama.

.4. Agreement. In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners, including first mortgagees, of units in the condominium in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Office of the Judge of Probate of Baldwin County, Alabama.

.5. Proviso. Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units, nor change any condominium unit nor increase the owner's liability for common expenses unless the record owner thereof and all record owners of liens thereon shall join in the execution of the amendment.

.6. Provisions Pertaining to the Developer.

(a) Notwithstanding any other provisions herein contained, for so long as the DEVELOPER continues to own any of the units, the DEVELOPER reserves the unrestricted right to sell, assign or lease any unit which it continues to own after the recording or filing of this Declaration, and to post signs on the condominium property.

(b) Provided, however, that until four months after the DEVELOPER of the condominium has conveyed 75% of the Units of the condominium (including the Phase II Units if incorporated into the condominium on or before September 1, 1985) or until five (5) years following conveyance of the first unit or until DEVELOPER elects to terminate control over the condominium, whichever shall first occur; the following additional provisions shall be deemed to be in full force and effect:

(i) The DEVELOPER reserves the right to amend the Bylaws of the Association.

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(ii) The Directors of the Association shall be designated by the DEVELOPER and such Directors as may be so designated need not be unit owners.

(c) Prior to the happening of the earliest event set forth in subparagraph (b) above, the Association is not bound directly or indirectly to contracts, leases or management agreements unless there is a right of termination of any such contract, lease or agreement without cause, which is exercisable upon no more than ninety (90) days notice without penalty at any time after the happening of the earliest event set forth in subparagraph (b) above.

(d) None of the provisions in this subparagraph contained shall be construed so as to relieve the DEVELOPER from any obligations of a unit owner to pay assessments as to each unit owned by it, in accordance with the condominium documents.

20. Proportionate Changes in Common Expenses and Common Surplus. In the event any one (1) or more of the units are not rebuilt by reason of the loss of lands as a result of destruction, condemnation or otherwise, and therefore the number of units is reduced because (a) the Association has become the owner of a unit by foreclosure of its lien as heretofore provided, or (b) an entity has acquired title to a unit as the result of owning a mortgage upon the unit concerned, whether by deed from the mortgagor or through foreclosure proceedings, then the proportionate share of the common expenses and of the common surplus of each unit shall be increased by adding to each remaining unit their proportionate percentages of ownership out of the percentages of ownership of the units so reduced.

21. Termination. The condominium may be terminated in the manner provided by the Condominium Ownership Act; provided, however, that, in the event of termination, each unit shall be subject to the payment of a share of the common expenses as heretofore defined, subject to increase as provided in paragraph 20 hereof.

22. Severability. The invalidity in whole or in part of any covenant or restriction, or any section, sub-section, sentence, clause, phrase or word, or other provision of this Declaration of Condominium and the Bylaws of the Association shall not affect the validity of the remaining portions thereof.

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STATE OF ALABAMA

COUNTY OF Bullock

I, Betty L. Rawlings, a Notary Public in and for said County in said State, do hereby certify that Laurence B. Tipton, Jr., whose names as General Partner of Cotton Bayou Developers, Limited, a Limited Partnership, 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 general partner and with full authority, executed the same voluntarily on the day the same bears date, for and as the act of said limited partnership.

GIVEN under my hand this the 31st day of May, 1983.

Betty L. Rawlings
Notary Public

My commission expires: 12-14-83

STATE OF ALABAMA
COUNTY OF MONTGOMERY

I, John F. Andrews, a Notary Public in and for said County in said State, do hereby certify that Lewis P. Chapman, Jr. and James H. Cooper, whose names as General Partners of Cotton Bayou Developers, Limited, a Limited Partnership, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of said instrument, they, as such general partners and with full authority, executed the same voluntarily on the day the same bears date, for and as the act of said limited partnership.

GIVEN under my hand this the 27th day of May, 1983.

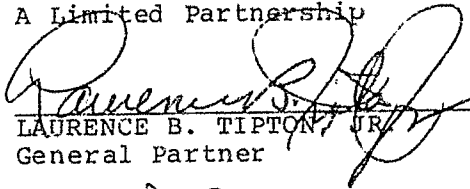
John F. Andrews
Notary Public

My commission expires: 3/11/87

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IN WITNESS WHEREOF, the said Cotton Bayou Developers, Limited, a limited partnership, has caused THESE PRESENTS to be executed by its General Partners this the day and year first above written.

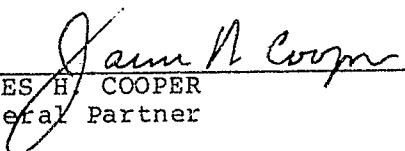
COTTON BAYOU DEVELOPERS, LIMITED
A Limited Partnership



LAURENCE B. TIPTON, JR. (L.S.)
General Partner



LEWIS P. CHAPMAN, JR. (L.S.)
General Partner



JAMES H. COOPER (L.S.)
General Partner

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EXHIBIT "A"

SEE
APARTMENT BOOK _____ PAGE _____

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BYLAWS
OF
COTTON BAYOU CONDOMINIUMS ASSOCIATION, INC.

1. IDENTITY. These are the Bylaws of COTTON BAYOU CONDOMINIUMS ASSOCIATION, INC., an association organized pursuant to the "Condominium Ownership Act", Section 35-8-1, et seq., 1975 Code of Alabama, for the purpose of administering Cotton Bayou Condominium, a condominium located in Baldwin County, Alabama.

.1. The office of the Association shall be at Star Route B, Box 410 in the place provided therefor, Orange Beach, Alabama, 36561.

.2. The fiscal year of the Association shall be such as may from time to time be established by the Association.

2. MEMBERS' MEETINGS.

.1. The annual members' meeting shall be held at the office of the Association at 7:30 P.M., Local Time, on the third Friday in March of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day following that is not a legal holiday.

.2. Change of Date. The time of holding the annual meeting of members may be changed at any time prior to fifteen (15) days before the regular day for holding such meeting by a resolution duly adopted by the Board of Directors or by the members, provided that notice of such change be mailed to each member of record, at such address as appears upon the records of the Association, not less than ten (10) days before the holding of such meeting; and further provided that each annual meeting of members shall be held within one (1) month of the date on which it should regularly have been held but for such change.

.3. Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast twenty-five percent (25%) of the votes in the Association.

.4. Notice of all members' meetings stating the time and place and the objects for which the meeting is called shall be given by the President or Vice President or Secretary unless

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waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings.

.5. Voting. The owner of each unit shall be entitled to one (1) vote which was determined by rounding to the nearest full vote the percentage assigned to the unit, as stated in the Declaration of Condominium.

.6. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. As used in these Bylaws the term "majority" means fifty-one percent (51%) of the votes in accordance with the percentages assigned in the Declaration of Condominium.

.7. Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote and shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting.

.8. Vote required to transact business. When a quorum is present at any meeting, the holders of a majority of the voting rights present in person or represented by written proxy shall decide any questions brought before the meeting, unless the question is one upon which, by express provision of the statutes, the Declaration of Condominium, or the Bylaws, a different number is required, in which case the express provision shall govern and control the decision in question.

.9. Adjourned meetings. Any meeting of the Association may be adjourned from time to time to such date and time as may be determined by majority vote of the members present, whether a quorum be present or not, without notice other than the announcement at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

.10. The order of business at annual members' meetings and, as far as practical, at all other members' meetings, shall be:

- (a) Call to order,
- (b) Calling of the roll and certifying of proxies,
- (c) Proof of notice of meeting or waiver of notice,

- (d) Reading and disposal of any unapproved minutes,
- (e) Reports of officers,
- (f) Reports of committees,
- (g) Election of Directors,
- (h) Unfinished business,
- (i) New Business,
- (j) Adjournment.

.11. Proviso. Provided, however, that until four months after the DEVELOPER the condominium has conveyed 75% of the Units of the condominium (including the Phase II Units if incorporated into the condominium on or before September 1, 1985) or until five (5) years following conveyance of the first unit or until DEVELOPER elects to terminate control over the condominium, whichever shall first occur; there shall be no meeting of members of the Association unless a meeting is called by the Board of Directors.

3. BOARD OF DIRECTORS.

1. Membership. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number, not less than three (3) nor more than five (5), and shall be selected from such phases of the condominium as may at such time be incorporated into the condominium, 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. Each Director shall be a person entitled to cast a vote in the Association, except as provided by subparagraph .2.(d) below.

.2. Election of Directors shall be conducted in the following manner:

(a) Directors shall be elected at the annual meeting of the members of the Association; provided that not more than two (2) Directors may be elected from the residents in any one (1) building.

(b) Except as to vacancies created by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

(c) Any Director may be removed by the concurrence of two-thirds (2/3) of the members of the Association at a special meeting of the members called for that purpose. The vacancy thus created shall be filled at the same meeting by

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the members of the Association in the same manner as was provided for the election of the removed Director.

(d) Provided, however, that until four months after the DEVELOPER of the condominium has completed and sold 75% of the units of the condominium (including Phase II units if incorporated into the condominium prior to September 1, 1985) or until five (5) years following the conveyance of the first unit, or until DEVELOPER elects to terminate its control of the condominium, whichever shall first occur, the Directors, who need not be residents or owners of units in the condominium, shall consist of such number not less than three (3) nor more than five (5), and such persons, as may be appointed by the DEVELOPER, and there shall be no meeting of members of the Association unless a meeting is called by the Board of Directors.

.3. The term of each Director's services shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

.4. The organization meeting of a newly elected Board of Directors 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 of the organization meeting shall be necessary providing a quorum shall be present.

.5. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

.6. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than three (3) days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

.7. Waiver of notice. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

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.8. A quorum at Directors' meetings shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Board approved by a majority of votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration of Condominium or by these Bylaws. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. 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 Director for the purpose of determining a quorum.

.9. The presiding officer of Directors' meetings shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.

.10. Directors shall serve without compensation, and a Director may not be an employee of the Association.

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

The Board of Directors, for the benefit of the Owners, shall have the following powers and duties:

.1. To exercise all of the powers of the Association, with respect to the operation and regulation of the condominium project which are conferred upon the Board by the Condominium Ownership Act or which may be conferred upon the Board by these Bylaws pursuant to such Act.

.2. To make contracts and incur liabilities in connection with the exercise of any of the powers and duties of the Board.

.3. To provide or cause to be provided all goods and services required by the Bylaws or by law, or which the Board, in its discretion, deems necessary for the proper operation of the condominium project, or which are used in common or jointly by the common elements and condominium units, in each case to the extent such goods and services shall not be otherwise provided.

.4. To collect monthly assessments from the Owners, and to render or cause to be rendered statements, when required or useful, of any assessments which remain unpaid by any Owner.

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.5. 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 mechanical elements serving only a 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.

.6. To elect the officers of the Association and otherwise exercise the powers regarding officers of the Association as set forth in these Bylaws.

.7. To determine who shall be authorized to make and sign all instruments on behalf of the Association and the Board.

.8. To employ a management agent or manager, at a compensation established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in this Section; and any such duties so conferred upon the managing agent or manager by the Board of Directors may at any moment be revoked, modified or amplified by the majority of Owners in a duly constituted meeting.

.9. To designate and remove personnel necessary for the maintenance, repair and replacement of the common elements.

.10. To procure such fidelity bonds 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 if the Board deems it advisable; and the premiums of such bonds and insurance shall be paid by the Association as common expenses.

.11. To determine policies and to adopt administrative rules and regulations governing the details of the operation and use of the condominium project, including the common elements, and to amend such administrative rules and regulations from time to time as the Board deems advisable.

.12. 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 condominium and to authorize any officer of the Association to execute the same.

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5. OFFICERS.

.1. The executive officers of the Association shall be a President, who shall be a Director; a Vice President, who shall be a Director; a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the Directors at any meeting. Any person may hold two (2) or more offices except that the President shall not also be the Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

.2. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

.3. The Vice President shall, in the absence of or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

.4. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall have custody of current copies of the Declaration, the Bylaws and the Rules and Regulations of the condominium. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the secretary of an association as may be required by the Directors or the President. Copies of the Declaration, the Bylaws, the Rules and Regulations of the condominium and all other records shall be available for examination by a Unit Owner, a lender, holder, insurer or guarantor of any first mortgage on a Unit upon request at convenient hours of week days or under other reasonable circumstances.

.5. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the financial records and books of account of the Association in accordance with good accounting practices; shall keep detailed, accurate records in chronological

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order of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred; and he shall perform all other duties incident to the office of Treasurer. The records, books of account, and the vouchers authorizing payments, shall be available for examination by a Unit Owner, a lender, holder, insurer or guarantor of any first mortgage on a Unit upon request at convenient hours of week days or under other reasonable circumstances. Upon written request, he shall provide any holder of a first mortgage with a copy of the financial statement for the immediately preceding fiscal year.

6. FISCAL MANAGEMENT.

.1. Budget. The Board of Directors shall determine the common expenses of the Association and adopt a budget for each calendar year of such estimated common expenses, including a reasonable allowance for contingencies and reserves less the unneeded fund balances on hand. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 20th preceding the year for which the budget is made. If the budget is subsequently amended before the assessments are made a copy of the amended budget shall be furnished each member concerned.

.2. Assessments for recurring expenses. Assessments for recurring common expenses shall be made for the calendar year annually in advance on or before December 20th preceding the year for which the assessments are made. The Board must also establish and maintain a Maintenance Fund Reserve for the periodic maintenance, repair and replacement of improvements to the Common Elements and other contingencies in such assessments, and such Maintenance Fund Reserve may from time to time be increased or reduced at the discretion of the Board. The proportionate interest of each unit owner in said Fund cannot be withdrawn or separately assigned but shall be deemed to be transferred with such unit even though not expressly mentioned or described in the conveyance thereof. In case the condominium regime hereby created shall be terminated and the property removed from the Condominium Ownership Act, any part of the said Fund remaining after full payment of all common expenses of the Association shall be distributed to all apartment owners in their respective proportionate shares. Such assessments shall be due in monthly installments on the 1st day of each month of the year for which the assessments are made. If such annual assessment is not made as required, an installment in the amount required by the last prior assessment shall be due upon each installment payment date until changed by a new assessment. The total of the assessments for recurring common expenses shall be not more than one hundred ten percent (110%) of

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the assessments for this purpose for the prior year unless approved in writing by unit owners entitled to cast a majority of the votes in the Association. In the event such an annual assessment proves to be insufficient, it may be amended at any time after approval in writing by unit owners entitled to cast a majority of the votes in the Association, and the amended assessment for the remaining portion of the calendar year shall be due at the time the next monthly installment is due. The first assessment shall be determined by the Board of Directors of the Association.

.3. Working Capital Fund. A working capital fund is required for the initial months of the operation of this condominium equal to at least two months' assessment for common expenses for each unit. Each unit's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each unit. The Association shall maintain said fund in an account for the use and benefit of the Association as determined by the Board of Directors. Amounts paid into the fund may not be considered as advance payment of regular assessments.

.4. Acceleration of assessment installments upon default. If a unit owner shall be in default in the payment of an installment upon any assessment, the Board of Directors may accelerate the remaining installments of such assessment upon notice thereof to the unit owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to the unit owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

.5. Assessments for emergencies. Assessments for common expenses for emergencies which cannot be paid from the assessment for recurring expenses shall be made only after notice of the need therefor to the unit owners concerned. After such notice and upon approval in writing of more than one-half (1/2) of such unit owners concerned, the assessment shall become effective, and it shall be due after thirty (30) days' notice thereof in such manner as the Board of Directors of the Association may require.

.6. Default. (a) In the event an owner of a unit does not pay any sums, charges or assessments required to be paid to the Association within thirty (30) days from the due date, the Association may foreclose the lien encumbering the unit and its appurtenant undivided interest in common elements, and the goods, furniture and effects belonging to the unit owner and located in such unit created by non-payment of the required moneys in the same fashion as mortgage liens are foreclosed; provided that thirty (30) days' prior notice of the intention to foreclose shall

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be mailed, postage prepaid, to the unit owner and to all persons having a mortgage lien or other interest of record in such unit as shown in the Association's record of ownership. The Association shall be entitled to the appointment of a Receiver, if it so requests. The Association shall have the right to bid in the unit and properties as aforesaid at a foreclosure sale and to acquire, hold, mortgage and convey the same. In any such foreclosure action the lien of the Association shall be subordinate and inferior to tax lien in favor of the state, county, any municipality and any special district, and any first mortgage liens of record encumbering such unit and the properties aforesaid at the time of the commencement of the foreclosure action by the Association. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment for any sums, charges or assessments required to be paid to the Association without waiving its lien securing the same. In any action either to foreclose its lien or to recover a money judgment, brought by or on behalf of the Association against a unit owner, the losing defendants shall pay the cost thereof together with a reasonable attorney's fee.

(b) If the Association becomes the owner of a unit and properties aforesaid by reason of foreclosure, it shall offer said unit and properties aforesaid for sale and at such time as a sale is consummated it shall deduct from such proceeds all sums of money due it for monthly assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the re-sale of the unit and properties aforesaid, which shall include but not be limited to advertising expenses, real estate brokerage fees, abstract or title insurance costs, and expenses necessary for the repairing and refurbishing of the unit and properties aforesaid in question. All moneys remaining after deducting the foregoing items of expense shall be returned to the former owner of the unit and properties aforesaid in question.

.7. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which moneys of the Association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

.8. An audit of the accounts of the Association shall be made annually by a certified public accountant, not a member of the Association, and a copy of the report shall be furnished to each member not later than April 1st of the year following the year for which the report is made.

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7. OBLIGATIONS OF THE OWNERS.

.1. Assessments. Every owner of any unit in the condominium shall contribute pro rata toward the expense of administration of the condominium, as provided in the Declaration and in these Bylaws.

.2. Maintenance and Repair.

(a) Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the condominium in its entirety or in a part belonging to other owners, and is expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal or appurtenant installations of the unit such as water, light, power, air conditioning, heat, sewage, telephones, sanitary installations, doors, windows, lamps, and all other accessories belonging to the unit area shall be maintained at the owner's expense.

(c) An owner shall reimburse the Association for any expenditures incurred in repairing or replacing any common areas and facilities damaged through his fault.

.3. Use of units. Every owner shall comply strictly with the provisions of the Declaration, the Bylaws and the Rules. In the event of the failure of any owner so to do, the Association may sue to recover sums due, and/or damages, and/or injunctive relief, and for its costs and expenses therein, including a reasonable attorney's fee.

.4. Right of entry. The manager and any person authorized by the Board of Directors shall have the right to enter each unit in case of any emergency originating in or threatening such unit and to make emergency repairs and do other work reasonably necessary for the proper maintenance and operation of the condominium whether or not the owner or occupant is present at the time. Every unit owner and occupant, when so required, shall permit other unit owners or their representative to enter his unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the common elements therein for central services provided that requests for entry are made in advance.

.5. Title. Every unit owner shall promptly cause to be duly recorded in the Office of the Judge of Probate of Baldwin County, Alabama, the deed or other conveyance to him of his unit or other evidence of his title thereto and file such evidence of his title with the Association, and the Secretary shall maintain such information in the record of ownership of the Association.

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.6.(a) Mortgagees. Any mortgage holder, insurer or guarantor of a mortgage on a unit may file with the Association a notice identifying its name and address along with a copy of its mortgage, and the Secretary shall maintain such information in the record of ownership of the Association. After the filing of this notice, the Association shall be required to notify the mortgage holder, insurer or guarantor of any unit owner who is 60 days delinquent in paying the expenses for the administration of the condominium and the mortgage holder, insurer or guarantor at its option may pay the delinquent expenses; and the holder of every such mortgage requesting the same shall be entitled to written notification from the Association of any default by the mortgagor of such unit in the performance of such mortgagor's obligations under the condominium documents which is not cured within thirty (30) days. Said mortgage holder, insurer or guarantor, upon written request to the Association shall be entitled to timely written notice of the following:

(i) any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage;

(ii) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(iii) Any proposed action that requires the consent of a specified percentage of mortgage holders.

(b) Unless all holders of first mortgage liens on units have given their prior written approval, the Association shall not be entitled to:

(i) Change the pro rata interest or obligations of any unit for the purposes of levying assessments and charges, and determining shares of undivided interest in the common elements and proceeds of the project;

(ii) Partition or subdivide any unit or the common elements of the project; nor

(iii) By act or omission seek to abandon the condominium status of the project except as provided by statute in case of substantial destruction, deterioration or obsolescence to the units and condominium project.

8. AGENT TO RECEIVE SERVICE OF PROCESS. The following person, who is a resident of the State of Alabama, is designated

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as agent to receive service of process upon the Association:

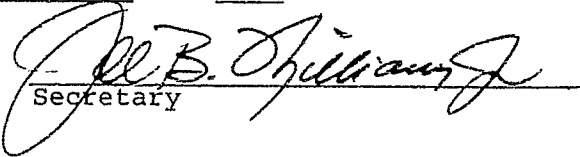
Name: Laurence B. Tipton, Jr.

Residence Address: 229 Noble Avenue
Montgomery, Alabama 36104

9. PARLIAMENTARY RULES. Roberts Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Condominium Ownership Act, Declaration of Condominium, or these Bylaws.

10. AMENDMENTS. These Bylaws may be amended by following the provisions of paragraph 19 of the Declaration of Condominium.

The foregoing were adopted as the Bylaws of COTTON BAYOU CONDOMINIUMS ASSOCIATION, INC., at the first meeting of the Board of Directors on May 27, 1983.


Secretary

APPROVED:


President

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RULES AND REGULATIONS
Concerning Use of
COTTON BAYOU CONDOMINIUMS

GENERAL COMMUNITY RULES

1. The facilities of Cotton Bayou Condominiums are for the use of apartment residents and their invited guests.
2. Designated walkways and paved areas shall be used at all times and shortcuts shall be avoided, both to prevent accidents and to preserve the appearance of planted areas. No motorized vehicle shall be operated on any walkway or other area except upon the driveways and parking areas designated for vehicular use.
3. No article shall be hung or shaken from the doors or windows or placed upon the window sills of the apartments. Under no circumstance shall laundry or other articles be placed or hung on the exterior portions of an apartment, except upon drying lines within patio areas.
4. No one shall make or permit any noises that will disturb or annoy the occupants of any of the other apartments in Cotton Bayou Condominiums, or do or permit anything to be done which will interfere with the rights, comfort or convenience of others.
5. Each owner shall keep his apartment in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance. All garbage and refuse shall be deposited with care in garbage containers intended for such purpose only at such times and in such manner as the Board of Directors may direct. Garbage cans shall be deposited in the garbage collection areas designated for that purpose in order to accommodate the garbage pick up service. No trash or other articles shall be burned, and all disposals shall be in accordance with such further rules and regulations as shall, from time to time, be promulgated by the Board of Directors and posted in the clubhouse.
6. The sidewalks, driveways and parking areas must not be obstructed or encumbered or used for any purpose other than ingress and egress, and for parking. Automobile parking spaces have been provided for the use of the apartments. Boats, trailers and vehicles other than automobiles shall be parked only in the parking spaces designated for the exclusive use of the unit owner.

No vehicle shall be parked in such manner as to impede or prevent ready access to other parking areas. The owners, their employees, servants, agents, visitors, licensees and family will obey the parking regulations posted in the private streets, parking areas, and drives, and any other traffic regulations promulgated in the future for the safety, comfort or convenience of the owners. Washing of cars, boats and vehicles of any kind is prohibited.

7. Toilets or other water apparatus in the buildings shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or other articles be placed in the same. Any damage resulting from misuse of any toilets or other apparatus in the units shall be repaired and paid for by the owner of such unit. Water shall not be left running for any unreasonable or unnecessary length of time.

8. A unit owner may identify his unit with a name plate of a type and size approved by the Association and mounted in a place and manner approved by the Association. No other sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any apartment owner on any part of the outside of a building, hung from windows or placed on window sills, or otherwise displayed, without the prior written consent of the Association, ~~except "for sale" or "for rent" signs approved by the Association and signs of the Developer pending construction and sale of the condominium apartments.~~

9. Apartment owners are reminded that alteration and repair of the common elements is the responsibility of the Association except for those matters which are stated in the Declaration to be the responsibility of an apartment owner. No work of any kind is to be done upon or affecting those portions of exterior building walls or interior boundary walls which are the responsibility of the Association without first obtaining the approval required by the Declaration of Condominium.

10. No radio or television antenna shall be attached to or hung from the exterior of any building without the written approval of the Board of Directors.

11. The Association, its workmen, contractors or agents, shall have the right of access to any unit at any reasonable hour of the day for the purpose of making inspections, repairs, replacements or improvements, or to remedy any conditions which would result in damage to other portions of the building, or for any purpose permitted under the terms of the Declaration or Bylaws. Except in case of emergency entry will be made by pre-arrangement with the owner. In the event the Association finds

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there are vermin, insects or other pests within any apartment, it may take such measures as it deems necessary to control or exterminate the same.

12. No one shall use or permit to be brought into any apartment or upon any of the common areas and facilities any inflammable oils or fluids such as gasoline, kerosene, naphtha or benzine, or other explosive or articles deemed extra hazardous to life, limb or property, without in each case obtaining the written consent of the Board of Directors.

13. Complaints regarding the management of the condominium or regarding actions of other owners or persons shall be made in writing to the Board of Directors. The Association may assign to one or more persons, or to a manager, full responsibility for the enforcement of all or specified ones of these Rules and Regulations. Any complaint or dispute as to any of these Rules and Regulations, or as to any application or enforcement thereof, shall be made in writing to the Board of Directors setting forth the nature of the matter complained of, and the names of all parties aggrieved and/or charged by reason of such matter. The Board of Directors may, in its sole discretion, decide the complaint without hearing. In the event the Board elects to have hearing upon such complaint, not less than five (5) days' notice thereof shall be given in writing to each person named in the complaint as aggrieved and/or charged, stating the date, time and place of such hearing. Proceedings before the Board of Directors shall be informal, without technical rules of evidence, and each party aggrieved and/or charged shall be entitled to be present in person or by their attorney, and to be heard.

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SWIMMING POOL

14. All persons using the pool do so at their own risk. The Association is not responsible for any accident or injury in connection with use of the pool or for any loss or damage to personal property. Persons using the pool area agree not to hold the Association liable for any actions of whatever nature occurring within the pool area.

15. Persons twelve (12) years of age or under must be accompanied at all times by an adult.

16. Except by prior arrangement with the Board of Directors, the number of persons in any one group in the pool at any one time will not exceed the resident members of the unit owner's family plus three (3) guests.

17. Residents are responsible for the conduct of their guests at all times, and for the careful observance of all safety and sanitation precautions. Any person having an apparent or known skin disease, sore or inflamed eyes, cough, cold, nasal or ear discharge, or any communicable disease shall be excluded from the pool.

18. No boisterous or rough play shall be permitted in the pool, ~~on the diving board~~ or in the pool area. Swimming alone when no other person is in the immediate pool area is prohibited.

19. All persons are requested to cooperate in maintaining maximum cleanliness and tidiness in the swimming pool area.

20. Beverages, food or glassware are not to be brought into the pool area.

21. The pool shall be used in accordance with such rules and regulations as shall, from time to time be promulgated by the Board of Health of Baldwin County, Alabama, and/or by the Board of Directors.

22. Use of the pool is reserved for persons eighteen (18) years of age and over after 7:00 P.M., local time. The pool will be closed from 10:00 P.M. to 10:00 A.M., local time, and during such other times and seasons as may be decided by the Board of Directors.

TENNIS COURT

23. Arrangements for use of the tennis court must be made through the Board of Directors, or through such person as may be designated by it as in charge of the tennis court.

24. The tennis court shall be used in accordance with such further rules and regulations as shall, from time to time, be made by the Board of Directors and posted in the clubhouse.

AMENDMENT AND ENFORCEMENT

25. Any consent or approval given under these rules by any person designated as manager or any person or committee designated as being responsible for the enforcement of any of these rules, and/or for the use of any common facility, shall be revocable at any time by the Board of Directors.

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26. These rules are subject to amendment by the Board of Directors and to the promulgation of further rules by the Board of Directors and/or by the Association.

27. The foregoing Rules and Regulations shall not apply to the Developer, its successors or assigns, until it has surrendered control of the condominium, or its control of the condominium has been terminated, in the manner set forth in the Declaration and in the Bylaws.

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