

BY-LAWS
OF
TROPICAL WINDS CONDOMINIUM OWNERS
ASSOCIATION, INC.

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BY-LAWS
OF
TROPICAL WINDS CONDOMINIUM OWNERS
ASSOCIATION, INC.

ARTICLE I
PURPOSE AND APPLICATION

1.01. Purpose and Application. The following are the By-Laws of TROPICAL WINDS CONDOMINIUM OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association" a not for profit corporation, organized pursuant to the Alabama Nonprofit Corporation Act, §§ 10-3A-1 *et. seq.* Code of Alabama (1975), and the Alabama Uniform Condominium Act of 1991 §§ 35-BA-101 *et. seq.* Code of Alabama (1975), formed for the purpose of managing and operating a certain condominium located in Baldwin County, Alabama, known as TROPICAL WINDS, a condominium, hereinafter referred to as the "Condominium."

The provisions of the By-Laws are applicable to the entirety of the condominium property.

All present or future owners, tenants and their employees, and any other persons or entities that might use the facilities of TROPICAL WINDS in any manner, are subject to the regulations and provisions set forth in these By-Laws and to the Rules and Regulations established and promulgated by the Association of Unit Owners pursuant to the By-Laws and the Condominium Declaration.

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

ARTICLE II PRINCIPAL OFFICE AND AGENT

2.01. Principal Office. The principal office of the Association shall be at 1544 West 2nd Street, Gulf Shores, Alabama 36542. All books and records of the Association shall be kept at its principal office, or as assigned by the Board of Directors.

ARTICLE III DEFINITIONS

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

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

ARTICLE IV MEMBERSHIP

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

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

4.03. Succession. The membership of each Unit Owner shall automatically terminate on the conveyance, transfer, or other disposition of a Unit Owner's interest in the Unit. The Unit Owner's membership shall automatically be transferred to the new Unit Owner succeeding to

such ownership interest. On the conveyance, transfer, or other disposition of a portion of a Unit Owner's interest in a Unit, the transferring Unit Owner and the transferee shall each be members of the Association in accordance with the ownership interest of each following such conveyance or transfer.

4.04. Certificates of Membership. The Association shall issue no shares of stock of any kind or nature whatsoever.

ARTICLE V MEETINGS OF MEMBERS

5.01. Annual Meeting. The annual meeting of the members shall be held on the date, at the place, and at the time, as determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and not later than thirteen months after the last preceding annual meeting. The purpose of the annual meeting shall be to elect the Directors, and to transact any other business authorized to be transacted by the Members or stated in the notice of the meeting sent to the Members in advance thereof. Meeting maybe transmitted via electronics as deemed appropriate by the Board of Directors.

5.02. Special Meeting. Special meetings of the Members may be called at any time by the President, a majority of the Board, or on receipt by the Board of a written request of Members representing at least twenty percent (20%) of the total votes of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting. Meeting maybe transmitted via electronics as deemed appropriate by the Board of Directors.

5.03. Notice of Meeting. Notice of all meetings of Members shall state the time and place of the meeting and the times on the agenda, including the general nature of any proposed

amendment to the Declaration or By-Laws, any budget changes, and any proposal to remove an officer or a member of the Board. Notices shall be prepared and delivered by or at the direction of the Secretary and may be delivered either personally, by U.S. mail-first class, or by e-mail to a Member at the address given to the Board by said Member, or to the Member's Unit if no such address has been given to the Board. Notice of the annual meeting and special meetings shall be mailed, e-mailed, text, or delivered to each Member not less than ten (10) days prior to the meeting. No notices of annual or special meetings shall be delivered either personally, by U.S. mail-first class, or by e-mail no more than fifty (50) days prior to such meeting. A copy of the notice of any meeting of Members shall also be posted in a conspicuous place on the Condominium Property at least seven (7) days prior to the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice.

5.04. Waiver of Notice. Any Member or Mortgagee may waive the right to receive notice of the annual meeting by sending a written waiver to the Board of Directors. Notice of specific meetings may be waived before or after the meeting, orally or in writing. Attendance by a Member at an annual or special meeting, either in person or by proxy, shall constitute waiver of notice of such meeting. It is the Members responsibility to notify Mortgagee of any and all meetings as well as changes to the Declaration, By-Laws, Rules/Regulations and other pertinent information as requested/required by Mortgagee holding said Unit mortgage..

5.05. Quorum. A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding more than thirty-three percent (33%) of the votes entitled to be cast at such meeting are present at the beginning of such meeting, except as otherwise provided by law, by the Articles of Incorporation, by the Declaration of Condominium, or by the By-Laws.

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

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

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

Call to Order

Calling of the roll and certifying of proxies

Proof of notice of meeting or waiver of notice

Reading and disposal of any unapproved minutes

Reports of Officers

Reports of Committees

Election of Directors

Unfinished Business

New Business

Adjournment

Meeting may be transmitted via electronic means under conditions deemed appropriate by the Board of Directors.

5.09. Minutes of Meeting. The minutes of all meetings of Members shall be kept in a book or electronic file available for inspection by Unit Owners or their authorized representatives.

ARTICLE VI MEMBERS' VOTING RIGHTS

6.01. Number of Votes. The numerical value of all votes for all Members shall be one hundred (100) and shall be divided among the Members in proportion to their respective ownership interest in the Common Elements. The number of votes to which each Unit is entitled is provided in the Declaration. The votes of a Unit shall not be divisible.

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

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

change in the ownership of the Unit involved. A certificate may be revoked by any owner of an interest in the Unit. If a certificate is not filed with the Secretary of the Association one Owner of the entity owning the Unit is entitled to vote at the meeting without said certificate, or forward one proxy for voting on issues brought forward at the meeting.

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

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

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

(3) If more than one such owner is present at the meeting, and they concur, any one such owner may cast the vote or votes for the Unit.

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

6.06. Conditional Proxy. The granting of a mortgage on a Unit by its owner(s) shall be construed as conferring upon the mortgage a conditional proxy to cast a vote or votes attributable to such Unit at any regular or special meeting of the Association. The condition of such proxy shall be noticed by such mortgagee to the Association, in writing, of its intent to exercise the

conditional proxy rights granted to it, as mortgagee, by the terms of this subparagraph. In the absence of such written notice, the Association shall be entitled to recognize the Unit Owner(s) votes attributable to their unit. However, once such written notice is received by the Association, the mortgagee's right to cast the vote or votes attributable to that unit shall be recognized by the Association until the mortgagee withdraws its intent to cast such votes, in writing, or until the mortgage is paid in full and satisfied of record, whichever first occurs.

ARTICLE VII BOARD OF DIRECTORS

7.01. Number. The affairs of this Association shall be managed by a Board of Directors, consisting of the number as may be selected by the members, however the Board shall consist of no less than three (3) persons nor more than five (5) persons.

7.02. Qualification. Each Director shall be a Unit Owner. If a Unit Owner is a trust, then the beneficiary of the trust may be a Director; and if a Unit Owner is a corporation or partnership, then an officer, partner, or employee of such Unit Owner may be a Director. If a Director shall cease to meet such qualifications during his/her term, he/she shall cease to be a Director and his/her place on the Board shall be deemed vacant. Only one member of a trust, corporation, or partnership may serve as a Director per term length. Multiple members of a trust, corporation, or partnership may serve on the Advisory Committee.

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

committee appointed by the Board prior to the annual meeting of the Members or prior to any other meeting of members for the purpose of electing Directors.

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

7.05. Term. Each Director elected by the Members shall hold office until the next annual meeting of Members, and until his/her successor shall be elected and qualified, or until he/she resigns or is removed in any manner provided elsewhere herein.

7.06. Vacancies. Any vacancy in the position of a Director elected by the Members of the Association shall be filled by a majority vote of the remaining Directors, and any Director so elected shall hold office for a term equal to the unexpired term of the Director whom he/she succeeds.

7.07. Removal. Any Director may be removed for cause by the concurrence of two-thirds (2/3) of the votes of the Association in accordance with the provisions of the Act. The vacancy in the Board of Directors so created must be filled by the Members at the same meeting.

7.08. Compensation. A Director shall not receive any compensation for any service he/she may render to the Association as a Director. This includes but not limited to lodging, travel expenses, meals, entertainment, and consulting. A Director may be reimbursed for limited out-of-pocket expenses including payments for actual costs incurred on behalf of the Association.

**ARTICLE VIII
MEETINGS OF DIRECTORS**

8.01. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at such place, and at such time and date as the Board shall designate. Notice of the regular meetings shall be given to each Director, personally or by mail, telephone, facsimile, text, or e-mail, and shall be transmitted at least ten (10) days prior to the meeting. Meetings may be held via electronics as deemed appropriate by the Board of Directors.

8.02. Special Meetings. Special meetings of the Directors may be called by the President at any time and must be called by the President or Secretary at the written request of a majority of the Directors. A notice of the meeting stating the time, place and purpose of the meeting shall be given to each Director, personally or by mail, telephone, facsimile, or e-mail, at least three (3) days prior to the meeting. Meetings may be held via electronics as deemed appropriate by the Board of Directors.

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

8.04. Quorum. A quorum shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of

Directors. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such a Director for the purpose of determining a quorum.

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

8.06. Presiding Officer. The presiding officer of the Directors' meeting shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.

8.07. Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in a book or electronic file available for inspection by Unit Owners, or their authorized representatives, or by Directors at any reasonable time.

8.08. Order of Business. The order of business at Directors' meeting shall be, but not restricted or required to follow the below format:

Call of Roll

Proof of due notice of meeting

Reading and disposal of unapproved minutes

Reports of Officers and Committees

Election of Officers

Unfinished business

New business

Adjournment

Meetings may be held via electronics as deemed appropriate by the Board of Directors.

ARTICLE IX POWERS AND DUTIES OF THE DIRECTORS

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

- (1) To elect, remove, and appoint officers of the Association as hereinafter provided.
- (2) To administer the affairs of the Association and the Condominium Property.
- (3) To maintain bank accounts on behalf of the Association and to designate signatories required therefor.
- (4) To sell, lease, mortgage, or otherwise deal with Units acquired by the Association.
- (5) To pay the cost of all taxes and utilities assessed against the Condominium that are not assessed and billed to the owners of individual Units.
- (6) To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common and Limited Common Elements, provided however, that the consent of a least a majority of the votes of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provision of these By-Laws, shall be required for the borrowing of such money.
- (7) To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Unit Owners to defray the costs, expenses, and losses for the Condominium, and to provide adequate remedies for failure to pay such assessments.
- (8) To use the proceeds of Assessments in the exercise of its powers and duties.

(9) To maintain, repair, replace, and operate the Condominium Property, including the reasonable right of entry upon any unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

(10) To purchase insurance on the Property, and to purchase insurance for the protection of the Association and its Members, and the members of the Board of Directors and Officers of the Association.

(11) To reconstruct improvements after casualty and to further improve the Property.

(12) To make and amend reasonable Rules and Regulations respecting the use of the Property and the operation of the Condominium.

(13) To enforce by legal means the provisions of the Act, the Declaration, the Articles of Incorporation, these By-Laws, and the Rules and Regulations for the use of the Property.

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

(15) To contract for the management or operation of portions of the Common Elements of the Condominium susceptible to separate management or operation, and to lease such portions.

(16) To retain attorneys and accountants.

(17) To employ personnel to perform the services required for proper operation of the Condominium Association.

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

(19) To maintain a class action and to settle a cause of action on behalf of the owners with reference to the Common Elements, the roof and structural components of a building or other improvement, and mechanical, electrical and plumbing elements serving an improvement or a building as distinguished from such elements serving only one unit; and to bring an action and to settle the same on behalf of two 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 condominium unit; all as the Board deems advisable.

(20) To procure such fidelity bonds, as the Board deems advisable, covering officers and employee 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.

9.02 Committees. The Board of Directors may, by resolution, appoint such committees as deemed appropriate in carrying out its purpose, and such committees shall have the powers of the Board of Directors for the management of the affairs and business of the Association to the extent provided in the resolution designating such a committee. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors.

Committees may attend Board Meetings and contribute input to Board. The Committee has no voting rights at the Board Meetings.

9.03. Managing Agent. The Board of Directors shall be authorized to employ the services of a manager or managing agent, who may either be a Director, Officers, or employee of

the Association, or an independent person or firm qualified to manage the Property and affairs of the Condominium under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

ARTICLE X OFFICERS

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

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

10.03. Special Appointments. The Board may appoint an Advisory Committee as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. No voting authority is extended to a member of the Advisory Committee.

10.04. Resignation and Removal. Any Officer may be removed from office either with or without cause by the vote of a majority of the Directors present at any meeting. Any Officer may resign at any time by giving written notice to the Board. Such resignation shall take effect

on the date of receipt or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

10.06. Compensation. An Officer shall not receive any compensation for any service he may render to the Association as an Officer.

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

- (1) To preside over all meetings of the Members and of the Board.
- (2) To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.
- (3) To call meetings of the Board whenever he/she deems it necessary in accordance with the rules.
- (4) To have the general supervision, direction and control of the affairs of the Association.
- (5) To, along with the Secretary, prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

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

(1) To perform the duties and exercise the powers of the President, in the absence or disability of the President.

(2) To assist the President in the exercise of his/her powers and the performance of his/her duties.

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

(1) To keep a record of all meetings and proceedings of the Board and of the Members.

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

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

(4) To keep current records showing the Members of the Association together with their addresses.

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

(6) To, along with the President, prepare, execute, certify, and record amendments to the declaration on behalf of the Association.

10.10. Duties of the Treasurer. The Treasurer shall be the financial officer of the Association, and shall have all powers and duties that are usually vested in the office of the treasurer of a condominium association, including but not limited to the following powers:

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

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

(3) To disburse and withdraw said funds as the Board may from time to time direct, and in accordance with prescribed procedures.

(4) To prepare and distribute the financial statements for the Association.

(5) To prepare a record of all receipts and expenditures.

(6) To prepare an account for each unit, setting forth any shares in Common Expenses or other charges due, the due dates thereof, the present balance due and any interest in Common Surplus.

ARTICLE XI FISCAL MANAGEMENT

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

11.02. Annual Budget. The Board of Directors shall adopt a budget for each fiscal year in accordance with the Act. The annual budget of the Association shall be detailed and shall show the amounts budgeted by accounts and expenses classifications. Expenses shall be established for each category and item of the Common Expenses. The budget shall also include reserve accounts for capital expenditures, deferred maintenance, reserves, and contingencies. The amount reserved shall be computed by means of a formula that is based on the estimated life and estimated replacement cost of each reserve item. The budget shall also set forth each Unit Owner's

proposed Assessment for Common Expenses. Copies of the budget and proposed assessments shall be transmitted via e-mail to each Member in accordance with the Act.

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

11.04. Assessments. Assessments for Common Expenses shall be made in accordance with the Declaration, the Act, and these By-Laws. Assessments shall be collected by the Association on a monthly basis as follows: On or before the first day of each month of the fiscal year for which the Assessments are made, each Unit Owner shall pay one-twelfth (1/12th) of his/her share of the Common Expenses for such year as shown by the annual budget. The assessments of the Common Expenses shall be set forth in the Declaration, but the yearly assessment for Common Expenses for each Unit Owner shall be in proportion to his/her respective ownership interests in the Common Elements. The Board of Directors may cause to be sent to each Unit Owner, on or before the first day of each month, a statement of the monthly Assessment. However, the failure to send or receive such monthly statement shall not relieve the

Unit Owner of his/her obligation to make timely payment of the monthly Assessment. If the Board shall not approve an annual budget or shall fail to determine new monthly Assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay the amount of his/her monthly Assessment as last determined. Special Assessment(s) may be required to cover uncommon expenses of Common areas of Limited Common Elements. The Board will present these expenses to Members and require timely payment. No Unit Owner shall be relieved of his/her obligation to pay his/her Assessment or Special Assessment(s) by abandonment of his/her Unit or lack of use of the Common or Limited Common Elements. Late fees for assessments for Common Expenses or Special Assessments are subject to Board designated amount.

11.05. Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and those Limited Common Elements which the Association may be obliged to maintain. The fund shall be maintained out of regular assessments.

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

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

accordance with the applicable law, shall constitute a lien on the interest of the Unit Owner in the Property.

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

11.09. Acceleration of Assessment Installments. In accordance with the provisions of the Act, if an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

11.10. Default.

(1) 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 created by non-payment of the required moneys in the same fashion as mortgage liens on real estate are foreclosed with a Power of Sale, provided that thirty (30) days prior notice of the intention to foreclosure shall be mailed, postage pre-paid, to the Unit Owner and to all persons having a mortgage lien or other interest of record. The Association shall be entitled to the appointment of a Receiver, if it so requests. The Association shall have the right to bid in the unit at a foreclosure sale and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment, brought by or on behalf of the Association against a Unit Owner, and the losing defendant shall pay the costs thereof, together with a reasonable attorney's fee.

(2) If the Association becomes the owner of a unit by reason of foreclosure, it shall offer said unit 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, 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 in question. All moneys remaining after deducting the foregoing items of expenses shall be returned to the former owner of the unit in question.

11.11. Supplemental Assessments. If during the course of any fiscal year, it shall appear to the Board that the monthly Assessments, as determined in the annual budget, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall be delivered to each Unit Owner, and thereupon a supplemental Assessment shall be made to each Unit Owner for his proportionate share of the supplemental budget.

11.12. Annual Statement. Within Sixty (60) days after the end of each fiscal year, the Board shall cause to be furnished to each Unit Owner, a statement for the year so ended showing the receipts and expenditures of the Association, and such other information as the Board may deem desirable. If the condominium consists of fifty (50) or more units, the Association shall make an audited statement for the preceding fiscal year (if the project has been established for a full fiscal year) available to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the condominium on submission of a written request for it. Said audited financial statement shall be available within 120 days of the owners' association fiscal year end. If the condominium consists of fewer than fifty (50) units and there is no audited statement available, the project documents must allow any mortgage holder to have an audited statement prepared at its own expenses.

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

11.14. Information. The Association shall be required to make available to Unit Owners, lenders, and to holder, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, or other Rules and Regulations concerning the Project, and the books, records, financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. In addition to the above, any holder of a first mortgage is entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Requestors of Tropical Winds Homeowners Association documents are responsible for fees/charges assigned by the Association for retrieving/copying/supplying said documents.

11.15. Fidelity Bonds. Fidelity bonds may be required by the Board from all officers and employees of the Association and from any manager handling or responsible for Association funds and from any employee, agent or subcontractor of a manager handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors but shall be at least the amount of one hundred and fifty percent (150%) of the total annual Assessments against Members for recurring expenses. The premiums on such bonds shall be paid by the Association.

11.16. Lender's Notices. Upon written request to the Owners Association, identifying the name and address of the holder, insurer or guarantor and the unit number of address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- (1) Any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its mortgage.
- (2) Any 60-day delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage.
- (3) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owner's Association.
- (4) Any proposed action that requires the consent of a specified percentage of mortgage holders

ARTICLE XII OWNER OBLIGATIONS AND COVENANTS

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

12.02. Maintenance and Repair. Every owner of any Unit in the Condominium shall promptly perform all maintenance and repair work, as provided in the Articles, the Declaration or these By-Laws. A Unit Owner shall reimburse the Association for any expenses incurred in repairing or replacing any common areas or facilities damaged through the owner's fault.

12.03. Owners' Maintenance and Repair Responsibilities. Unit Owners must inspect unit electrical, plumbing, and HVAC to ensure proper maintenance. Unit Owners are liable for damages incurred due to non-maintained unit electrical, plumbing, and HVAC as well as damages to any other Units.

12.04. Use. The Condominium Property shall be utilized in accordance with the provisions of the Declaration, these By-Laws, and the Rules and Regulations of the Association.

ARTICLE XIII RULES AND REGULATIONS

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

ARTICLE XIV AMENDMENTS TO THE BY-LAWS

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

14.02. Adoption. Except in the cases where this document may be amended by the Association under the terms hereof or the Act, By-Laws may be altered, amended, or appealed or

new By-Laws may be adopted by the affirmative vote or agreement of Unit Owners or Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated. Implied consent and approval may be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return-receipt" requested. Unit Owner is responsible for notifying mortgage holder of any changes to Declaration, By-Laws, Rules/Regulations in the manner stated above.

14.03. Recording. Any amendment shall become effective when recorded in the Office of the Judge of Probate of Baldwin County, Alabama, in accordance with the Act.

ARTICLE XV

MISCELLANEOUS

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

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

15.03. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when in conflict with the Act, the Declaration, or these By-Laws.

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

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

This Instrument Prepared by:

MARK STIEGLITZ, Vice-President
TROPICAL WINDS CONDOMINIUM
OWNERS ASSOCIATION, INC.