Sea Cliff South Condominium

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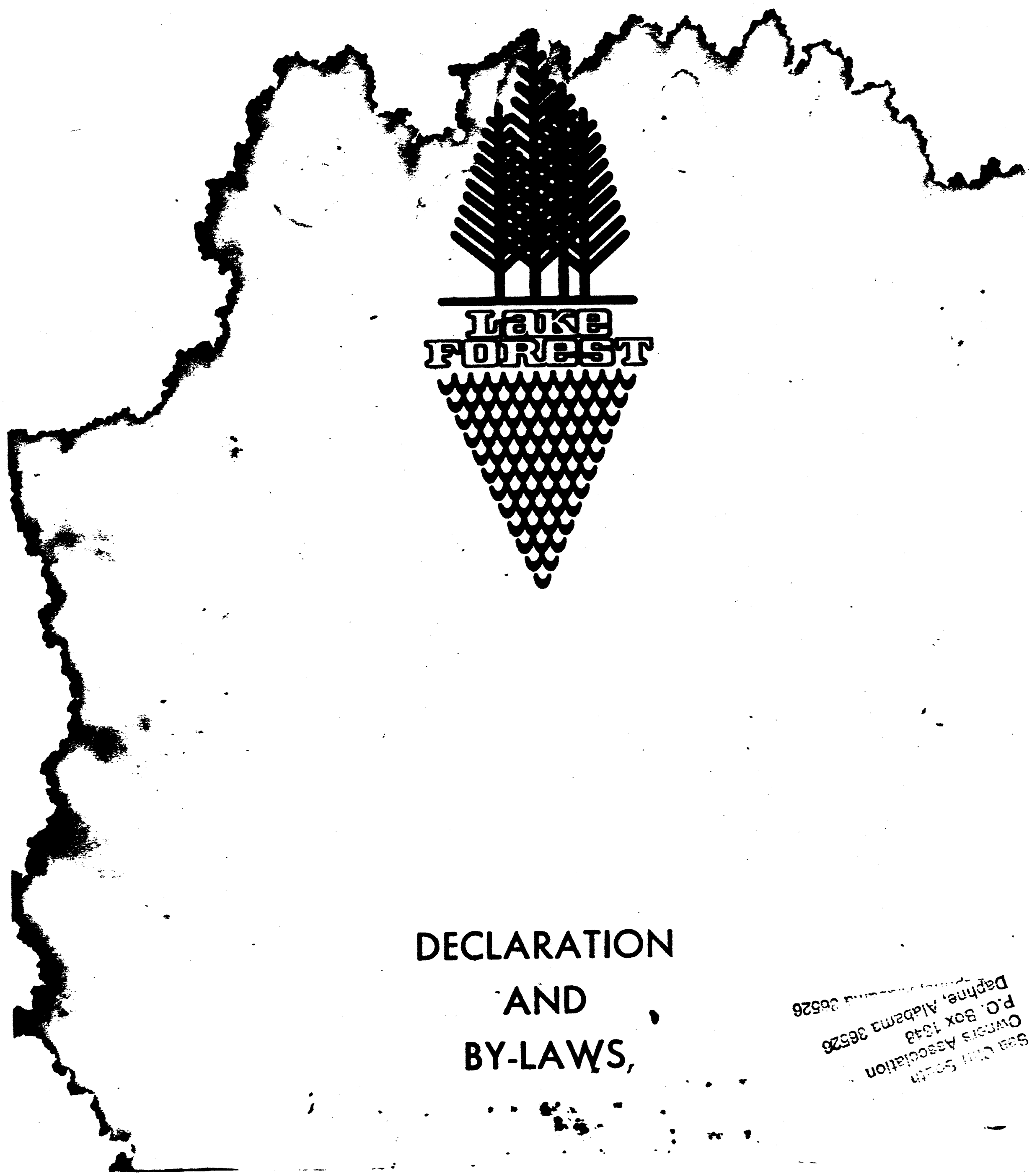

DECLARATION
AND
BY-LAWS,

DECLARATION OF CONDOMINIUM

OF

SEA CLIFF SOUTH

A CONDOMINIUM

THIS DECLARATION, made this 14 day of April, 1975, by Lake Forest, Inc., a corporation created and existing under the laws of the State of Alabama (hereinafter sometimes called "Developer") for itself, its successors, grantees and assigns.

WHEREIN, Developer makes the following declaration.

WHEREAS, Developer is the fee simple owner of certain real property ("the property" herein) situated in Baldwin County, Alabama, as is more particularly described in Exhibit "A" which is attached hereto and made a part hereof, and

WHEREAS, Developer has improved the property more particularly described in said Exhibit "A" hereto attached by constructing thereon thirty-six (36) units contained in six (6) buildings, all of which are wholly two-story structures, said improvements having been constructed substantially in accordance with the plans prepared by Developer, which plans are attached hereto as Exhibit "C" and made a part hereof; and located substantially as shown on the site plan attached hereto as Exhibit "B" and made a part hereof, which said lands and improvements are to be legally created as a condominium property by and through this enabling Declaration and under and by authority of the Alabama Condominium Ownership Act, Title 47, Sections 313(1), et seq., Code of Alabama (Supp. 1973); and

WHEREAS, it is the intent of Developer that the condominium property hereby created as Sea Cliff South shall be operated and administered as condominium property; and

WHEREAS, Developer proposes to establish by this Declaration a plan for the individual ownership of the area or space contained in the several Units in said structures and the co-ownership by the individual and separate owners

This Instrument prepared by:
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thereof, as owners in common, of all of the remaining portions of said structures and the real property which are hereinafter collectively referred to as the "Common elements".

NOW, THEREFORE, Lake Forest, Inc., Developer, hereby makes the following declaration as to the division to which the 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 Lake Forest, Inc., its successors and assigns, and upon all subsequent owners of all or any part of said real property and improvements, together with their grantees, lessees, successors, heirs, executors, administrators, devisees or assigns:

1. Purpose. The purpose of this Declaration of Condominium is to submit the property and the improvements thereon constructed to the condominium form of ownership and use in the manner provided for by the "Condominium Ownership Act", Title 47, Sections 313(1), et seq., Code of Alabama (Supp. 1973).

2. Name. The name by which this condominium is to be known is Sea Cliff South, a condominium.

3. The Real Property.

(a) The real property owned by Developer which is hereby submitted to the condominium form of ownership is the parcel of real property ("the property" herein) lying and being in Baldwin County, Alabama, as is more particularly described in Exhibit "A" hereto and as is shown in Exhibit "B" hereto.

(b) Post Office Address. The post office address of the property is Drawer C, Daphne, Alabama 36526.

(c) The property shall be subject to the following rights, privileges, and easements which are hereby reserved unto Developer, its successors and assigns and which may be conveyed, assigned or otherwise transferred by Developer, to-wit:

> the permanent right, privilege and easement to operate, maintain, repair and replace two Force Mains which are owned by Lake Forest, Inc. and

are located on those portions of the property as shown on Exhibit "B" attached hereto and which are more particularly described in Exhibit "A" hereto and which are labeled in said Exhibit "A" as "Force Main Easement I" and "Force Main Easement II", together with the permanent right of reasonable ingress and egress over and across the property to and from said easements.

(d) In addition to the property, Developer does hereby grant and convey unto the owners of condominium units in Sea Cliff South and their successors and assigns, for their use and for the use of their lessees, licensees and agents, the permanent, non-exclusive right, privilege and easement over and across (1) that certain parcel of land as shown on Exhibit "B" hereto and as is more particularly described in Exhibit "A" hereto and labeled in said Exhibit "A" as "Marina Drive Easement", for purposes of ingress and egress to the property; and (2) that certain parcel of land as shown on Exhibit "B" hereto and as is more particularly described in Exhibit "A" hereto and labeled in said Exhibit "A" as "Sea Cliff Drive", for purposes of ingress and egress to the property.

4. Name of Person to Receive Service. The name and post office address of the person to receive service of process shall be Jud McGuire, Post Office Drawer C, Daphne, Alabama, 36526.

5. Definitions. The terms used in this Declaration of condominium and in the By-Laws of the Sea Cliff South Owners Association, Inc. shall have the meainings stated in the Alabama Condominium Ownership Act as said Act is written as of the date hereof, and as follows:

.1. "Association" means Sea Cliff South Owners Association, Inc. and its successors.

.2. "Condominium Documents" include this Declaration and the Exhibits attached hereto.

.3. "Surfacing Materials" shall include, without limitation, flooring, tile, paint, wallpaper, sheetrock and such other materials located within the boundaries of a unit and which are attached to any of the structured components which comprise the unit boundaries, or any surfacing materials thereon.

6. <u>Sea Cliff South Development Plan</u>.

.1. Plans. The improvements have been constructed by the Developer in accordance with the plans and specifications therefor prepared by Developer, which plans, attached hereto as Exhibit "C", (consisting of 3 pages), include a set of floor plans of the units, showing the layout, unit numbers and dimensions of the private elements and common elements comprising the units, as built. The improvements have been constructed by Developer on the property substantially as shown on Exhibit "B" hereto which shows the location and designating numbers of each unit of each building, as built.

.2. 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 owners. Each 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 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 and replace the common elements contained therein or elsewhere in any building.

.3. Description of buildings and principal materials of which constructed. The buildings constructed upon the property include and will be limited to six (6) buildings, all of which are wholly two-story structures, said buildings containing thirty-six (36) units. The condominium also includes parking areas for each unit located substantially as shown in the plans attached hereto as Exhibit "B". The buildings are wood frame with wood shingle mansard roofs and sides of fir plywood sheeting. The interior finish is sheetrock. All buildings have outside wooden stairways of rough sawn cedar and all units have one rough sawn cedar balcony with the following units having an additional balcony on the side of the unit: 1090, 2090, 1092, 2092, 1095, 2095, 1097, 2097, 1098, 2098, 1100, 2100, 1144, 2144, 1146, 2146, 1148 and 2148. Each unit kitchen is equipped with dishwasher, garbage disposal, range, oven and refrigerator. Each unit is supplied with water, sewer line, and electricity, with a separate air conditioning and heating system and hot water heater for each unit.

.4. The Common Elements. The common elements of the condominium include the common areas and facilities located substantially as shown upon the site plan (Exhibit "B" hereto attached), including the following:

(a) The property as described in Exhibit "A" hereto (subject to Developer's 2/3 undivided interest in and to that portion of the property described in said Exhibit "A" as "Sea Cliff Circle"), together with the permanent, non-exclusive right, privilege and easement over and across that portion of the property described as "Sea Cliff Circle" for all purposes, including, without limitation, ingress and egress to and from the property.

(b) The driveways and paved areas, including the individual parking slots, servicing the buildings.

(c) An undivided one-sixth (1/6) interest in and to Sea Cliff Drive and the permanent, non-exclusive right, privilege and easement over and across Sea Cliff Drive for purposes of ingress and egress to and from the property.

(d) The permanent, non-exclusive right, privilege and easement over and across Marina Drive for purposes of ingress and egress to and from the property.

(e) All foundations, columns, beams and supports of the buildings, including interior, load-bearing walls and the structural components of balconies.

(f) All central and appurtenant installations for services (except for Force Main Easements I and II, which are retained by Developer and except for all equipment, including ducts, wires, etc., which is a part of and constitutes the unit central air conditioning and heating system and the unit hot water heater, which shall be private elements), such as power, lights, telephone, sewer and water, including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in units, all utilities and mechanical equipment, and all buildings and spaces which are not private elements or which are not used or reserved for the exclusive use of a unit.

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(g) The swimming pool, as shown on Exhibit "B" hereto, the location of which is more particularly described on Exhibit "A" hereto and which is labeled on said Exhibit "A" as "Pool", and all drains, pipes, pumps and equipment which are a part of or which are necessary for and/or are used in the operation, maintenance and repair of said swimming pools.

(h) All exterior walls, and all roofs and stairways of the buildings.

(i) Lawn areas, landscaping and walkways.

.5. Share of Common Expenses. The proportionate share of each unit in the profits and common expenses in the common elements is the same as that set out in Exhibit "D" attached hereto.

.6. The Units. The description and location of the particular units and the private elements which comprise the units are determined with the aid of the plans therefor as follows:

(a) Each building is assigned a letter and each apartment unit a number as indicated on the site plan, Exhibit "B" hereto, with ground-level units having numbers in the "1000" series, and second-story units having numbers in the "2000" series. The lettering and numbering of the buildings and units is as follows:

BLDG	UNITS
U	1090-1093 2090-2093
V	1094-1097 2094-2097
W	1098-1099 2098-2099
X	1100-1101 2100-2101
NN	1144-1147 2144-2147
PP	1148-1149 2148-2149

(b) Unit boundaries. Each unit shall include that part of the area and air space of a building which lies within the following described boundaries:

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

a. Upper Boundary, First and Second Floors - the plane of the under surfaces of the ceiling joists, and, as to the balconies, the plane of the under surfaces of said ceiling joists as extended outward to the vertical boundary referred to in 6.6.(b)(ii)b below.

b. Lower Boundary - First and Second Floors. The plane of the upper surface of the floor joists.

c. Lower Boundary-Balconies. The upper surface of the balcony flooring.

(ii) Vertical Boundaries. The vertical boundaries of each unit shall be:

a. First and Second Floors. The plane of the inside surfaces of the studs which are the component parts of exterior walls and of interior walls separating a unit from another unit, and the exterior surfaces of all windows and doors.

b. Balconies. The surfaces of all perimeter walls and the interior surface of balcony railings as extended vertically to the horizontal boundary referred to in Section 6.6.(b)(i)a above.

(c) Private Elements. The private elements of each unit shall consist of the following:

(i) the air space and area of the building lying within the unit boundaries.

(ii) the surfacing materials on the interior of exterior walls and on interior walls separating one unit from another unit, and on interior load-bearing walls.

(iii) the structural components and surfacing materials of any interior, non-loadbearing walls located within the boundaries of the unit.

(iv) the surfacing materials of the floors and ceilings of the unit.

(v) the surfacing materials of the balcony railings and flooring, if any, but excluding the structural components of the balconies.

(vi) all bathtubs, toilets and sinks, the range, oven, refrigerator, garbage disposal, dishwasher, hot water heater, air conditioning and heating unit and like fixtures and all hardware and interior and exterior lighting fixtures.

(vii) all windows and doors and window screens.

(d) Changes. The Developer reserves the right to change the interior design and arrangement of all units owned by Developer. The Developer further reserves the right to alter the boundaries between units owned by the Developer and any such alteration shall be reflected by an amendment of this Declaration which may be executed by the Developer alone. However, no such alteration of boundaries shall increase or decrease the number of units nor alter the percentage or percentages of undivided interest of any such unit or units so altered without compliance with Section 18 of this Declaration.

.7. Determination of Percentages of Ownership in Common Elements, Common Expenses and Common Surplus. The common surplus shall be distributed among, and the common expenses shall be charged to, the unit owners according to the percentages of the undivided interest of the respective units in the common elements. A schedule setting forth the percentage of undivided interest of each unit in the common elements is attached hereto, marked Exhibit "D" and by reference made a part hereof.

.8. Limited Common Elements. There are no limited common elements.

7. Encroachments. If any portion of the common elements now encroaches upon the private elements of any unit, or if the private elements of any unit now encroach upon the private elements of 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, or as a result of any construction done subsequent to the date hereof, a valid easement for the encroachment and for the maintenance of the same shall exist so long as such building stands.

In the event any building, the private elements of any unit or 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 the private elements of any unit or the private elements 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.

8. Rights and Duties of Owners, Tenants and Occupants of Units.

.1. Units, owners, etc. subject to Declaration, By-Laws, and Rules and Regulations. All units and all present and future owners, tenants and occupants of units shall be subject to, and shall comply with the provisions of this Declaration, the By-Laws, 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 By-Laws, 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, conveyance or lease thereof.

.2. Exclusive ownership. Each owner shall be entitled to the exclusive ownership and possession of his unit and private elements and to an undivided interest in the common elements in the percentages expressed in Exhibit "D" to this Declaration, which percentages of undivided interest of each owner shall have a permanent character and shall not be altered without the consent of all owners and holders of first mortgages of record, expressed in an Amendment to this 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 Declaration, the By-Laws, and the Rules and Regulations shall be ground 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 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 By-Laws, 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.

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

.1. Units.

(a) By the Association. The Association shall maintain, repair and replace at its expense:

(i) All portions of a unit (except the interior surfaces and walls mentioned in Section 6.6.(b) above, and the appurtenances mentioned in subsection (b)(i) hereof) contributing to the support of the building, which portions shall include but not be limited to the outside walls and roof of the building and all fixtures and appurtenances thereon, including stairways, and boundary walls of units, load-bearing columns and load-bearing walls.

(ii) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services which are contained in the portions of a unit maintained by the Association, except the air conditioning and heating system and the hot water heater appurtenant to such unit; and all such facilities contained within a unit which service part or parts of the condominium other than the unit within which contained.

(iii) All incidental damage caused to a unit by such work shall be promptly repaired at the expense of the Association.

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

(i) To maintain, repair and replace at his expense all private elements of his unit. 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, including balconies.

(iii) 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. Except as provided as to the Developer in Section 6.6.(d) of this Declaration, 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 and lienholders of record of all other units in the building concerned and the approval of the Board of Directors of the Association, the initial expense of any such alteration or improvement to be borne by the party or parties seeking such alteration or improvement. Where necessary, any alterations or improvements so made shall be reflected in an Amendment to this Declaration which may be executed by the President of the Association, notwithstanding the procedures for Amendment described in Section 18 of this Declaration. Such Amendment shall state that it is being made pursuant to this Section 9.1.(c) of this Declaration.

.2. Common Elements.

(a) By the Association. The maintenance and operation of the common elements shall be the responsibility and the expense of the Association, provided, however, that, as to Sea Cliff Drive, the Association shall be responsible for one-sixth

(1/6) of the costs of maintenance and repair thereof, and that, as to that portion of the property described on Exhibit "A" hereto as Sea Cliff Circle, the Association shall be responsible for its maintenance and repair and for one-third (1/3) of the costs and expenses incurred therefore.

(b) Alteration and Improvement. After the completion of the improvements included in the common elements which are contemplated by this Declaration, there shall be no alteration nor further improvement of the common elements without prior approval in writing of seventy-five percent (75%) of the votes of the unit owners; provided, however, that any alteration or improvement of the common elements bearing the approval in writing of unit owners entitled to cast fifty-one percent (51%) of the votes in the Association, 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 shares 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. Where necessary, any alterations or improvements so made shall be reflected in an Amendment to this Declaration which may be executed by the President of the Association, notwithstanding the procedures for Amendment described in Section 18 of this Declaration. Such Amendment shall state that it is being made pursuant to this Section 9.2.(b) of this Declaration.

10. Assessments. The making and collecting of assessments against unit owners for common expenses shall be pursuant to the By-Laws and subject to the following provisions:

.1. Share of Common Expenses. As set out in Section 6.7 above, each unit owner shall be liable for a proportionate share of the common expenses, and shall share in any common surplus, such share being the same as his percentage of ownership in the common elements, which is set out in Exhibit "D" attached hereto.

.2. Interest, Application of Payments. Assessments, and installments thereof, 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 interest at the rate of eight percent (8%) per annum from the date when due until paid. All payments upon account shall be first applied to interest and then to the assessment payment first due.

.3. Liens for Assessments. The Association shall have a lien upon each unit for any unpaid charge or assessment duly made by the Association for a share of the common expenses or otherwise, together with interest thereon as set out in Section 10.2. above and reasonable attorney's fees incurred by the Association in enforcing such lien. Any such lien shall be effective upon recordation in the records in the office of the Judge of Probate of Baldwin County, Alabama, of a claim of lien signed and verified by an officer or agent of the Association, stating the description of the unit, the name of the record owner, the amount due and the date when due. Such lien may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property.

In any suit for the foreclosure of such lien, the Association shall be entitled to reasonable rental from the owner of the unit from the date of the commencement of such foreclosure proceedings and shall be entitled to the appointment of a receiver to collect same, without notice to the owner of such unit. The Association shall also have a lien for such advances for taxes and other payments which may be advanced or paid by the Association in order to preserve and protect its lien for assessments, and the Association shall further be entitled to interest at the rate of eight percent (8%) per annum on any such advances made for such purposes. The lien for such advances shall be effective upon recordation of a claim of lien in the form hereinabove described and such lien may be foreclosed in a separate action or in any suit to foreclose the lien for unpaid assessments.

The lien granted to the Association shall be prior to all other liens, except only (i) tax liens on the unit; (ii) all sums unpaid on any mortgage of record, and (iii) any other lien recorded prior to the time of recording of the claim of the Association's lien. Where the holder of a first lien of record or other purchaser of a unit obtains title to the unit as a result of foreclosure of a first lien, such acquirer of title, his successors and assigns, shall not be fully liable for payment of the share of common expenses or other assessments by the Association pertaining to such unit or chargeable to the former unit owner which became prior to the acquisition of title to such unit as a result of foreclosure. Such unpaid share of common expenses or other assessments shall be deemed to be common expenses collectable from all of the remaining unit owners including such acquirer, his successors and assigns.

.4. No Exemption from Assessment. No owner of a unit may exempt himself from liability for contribution toward the common expenses by waiver of the use of enjoyment of any of the common elements or by the abandonment of his unit.

11. Association. The operation and administration of the condominium shall be by an association, pursuant to the provisions of the Condominium Ownership Act of Alabama, which shall be incorporated as a non-profit corporation, and which shall be organized and shall fulfill its function pursuant to the following provisions:

.1. Name. The name of the Association shall be Sea Cliff South Owner's Association, Inc.

.2. Powers. The powers and duties of the Association shall include those set forth in the Condominium Ownership Act, those set forth in this Declaration and the By-Laws of the Association, and those set forth in any Articles of Incorporation, and shall also include the power to purchase a unit of the condominium.

.3. Members and Voting.

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

(b) Change of Membership. Change of membership in the Association shall, after compliance with Section 15 of this Declaration, 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 have a vote equal to the undivided interest in the common elements attributable to the unit as is set out in Exhibit "D" attached hereto. 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. It is expressly understood that a lessee shall have no vote and shall not be entitled to cast the vote of the owner of the leased unit. Owners of more than one (1) unit shall be entitled to vote for each unit owned. However, should the Association be a 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, partnership or limited partnership, the officer, employee, or individual entitled to cash 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 (in the case of a corporation) or by the general partners (in the case of a partnership or limited partnership), which certificate shall be 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, partnership or limited partnership, 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 vote for the unit. Such certificate shall be valid until revoked or until a change in the ownership of the unit concerned is effected. A certificate designating the person entitled to cast the 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. Manager. The Association shall not fail to employ a manager for the condominium project unless holders of mortgages constituting first liens on units have given their prior written approval and such mortgagees shall be entitled to written notification from the Association thirty (30) days prior to any change of manager.

.5. Board of Directors. The affairs of the Association shall be conducted by a board of not less than three (3) nor more than nine (9) Directors, who shall be designated in the manner provided by the By-Laws.

.6. Indemnification. Every Director and 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 in 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.

.7. 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 be maintained and repaired by the Association nor for injury or damage caused by the elements or other owners or persons.

.8. By-Laws. A copy of the form of By-Laws to be used by the Association are attached hereto as Exhibit "E".

12. 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 this Declaration, and their mortgagees as their interests may appear, and provision 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. Unit owners may obtain additional insurance coverage at their own expense upon their own personal property, and for such other coverage, including personal liability, as they may desire.

.2. Coverage.

(a) Casualty. All buildings and improvements upon the land and all personal property comprising the condominium property shall be insured with a single insurance agent in an amount sufficient to avoid application of a co-insurance clause, but not more than the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

(i) Loss or damage by fire and 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.

(c) Such other insurance, including Workman's Compensation coverage, as the Board of Directors of the Association shall determine from time to time to be necessary or desirable.

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.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 provisions 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.

(c) Provide that such policy may not be cancelled (whether or not requested by the Association) except by the insuror 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 insuror 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 provision invalidating such mortgagee clause by reason of the failure of the mortgagee to notify the insuror of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

.4. Premiums. Premiums for 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 own 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 and their mortgagees 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 herein stated and for the benefit of the unit owners and their mortgagees, as follows:

(a) Common Elements. Proceeds on account of damage to common elements - an undivided share for each unit owner, such share being the same as his percentage of undivided interest in the common elements.

(b) Units. Proceeds on account of damage to 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 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 herein provided. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners.

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

13. Reconstruction or Repair After Casualty. In the event more than two-thirds (2/3) of the total number of units are substantially damaged or destroyed by fire or other casualty and members entitled to cast at least seventy-five percent (75%) of the votes (which 75% vote shall constitute an "agreement" for the purposes of Section 313 (20) (b) (1) and (2) of the Alabama Condominium Ownership Act) in the Association do not within sixty (60) days from the date of such casualty make request in writing to the Board of Directors of the Association to proceed with repair or construction, then and in that event, upon the vote of a majority of unit owners in favor of removal, the property shall be subject to an action for removal from the condominium form of ownership and for partition at the suit of the owner of any unit, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Insurance Trustee shall be considered as one fund and shall be distributed among the owners of all the units, each owner's share in said fund being as set out in Exhibit "D" hereto. Any distribution to the owner of a unit upon which there is a mortgage constituting a first lien shall be made to such owner and his mortgagee jointly.

If the mortgage so provides, for the purposes of this Section, should a mortgagee holding a mortgage which constitutes a first lien on a unit express in writing within said sixty (60) days such mortgagee's desire either to rebuild, repair or reconstruct or not to rebuild, repair or reconstruct the damaged or destroyed property, the expression of said mortgagee shall be deemed to be that of the unit owner, and any contrary expression by the owner of said unit shall be disregarded.

Other than as hereinabove provided, any property damaged or destroyed by fire or other casualty shall be promptly repaired or restored.

1. 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.

2. Responsibility. If the damage is only to the private elements of a unit, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of 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 of rebuilding or repairing the damaged property so as to place it in as good condition 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 all unit owners in the case of damage to common elements 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 therefor are insufficient, assessments shall be made against all unit owners in the case of damage to common elements in sufficient amounts to provide funds for the payment of such costs. Such assessments for reconstruction and/or repair of damage shall be in proportion to the owner's percentage of undivided interest in the common elements.

.5. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible, which funds shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the Association from assessments against unit owners, shall be disbursed in payment of such costs in the following manner:

(a) Unit Owner. The portion of insurance proceeds, if any, representing damage to private elements 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, who may use such proceeds as they may be advised and in accordance with the terms and conditions of this Declaration.

(b) 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 common expenses 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 Board of Directors 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.

(c) 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 common expenses to be made during the year in which 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.

(d) Surplus. It shall be presumed that the first monies 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 distributed to the beneficial owners of the fund in the manner elsewhere herein provided.

14. <u>Use Restriction</u>. The use of the property of the condominium shall be in accordance with the following provisions:

1. Residential Use Only. The condominium property shall be used only for residential purposes, and for the furnishing of services and facilities herein provided for the enjoyment of such residences.

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, zonir 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. Regulations. Reasonable 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 regulations or amendments thereto may express their approval or disapproval in writing. Copies of such regulations or amendments thereto shall be furnished by the Association to all unit owners and residents of the condominium upon request.

5. Proviso. Provided, however that until the Developer has completed and sold all of the units of the condominium, or until October 1, 1977, or until Developer elects to terminate its control of the condominium, whichever shall first occur, neither the unit owners nor the Association nor the use of the condominium property by unit 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.

15. 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 units by any owner other than the Developer shall be subject to the following provisions so long as the condominiu exists:

1. Transfers Subject to Approval.

(a) Sale. No unit owner may dispose of a condominium unit or any interest therein by any sale without approval of the Transfer Committee (defined in 15.2.(a) below) except to another unit owner.

Transfer / voted $50 fee 2/94

(b) Lease. A unit may be leased or rented by the owner or owners thereof without approval of the Association for any period up to 5 years; provided, however, that there shall be no extensions or renewals of any such lease to the same lessee beyond the 5 year period without compliance by the owner with the provisions of 15.2. below; and provided further that both the owner and the other parties to the lease or rental agreement shall at all times be subject to and be bound by all of the provisions of this Declaration, the By-Laws and the Rules and Regulations of the Association, copies of which shall be furnished to the leasing or renting party or parties by the owner. It is expressly understood that the owner or owners shall at all times remain primarily liable to the Association for all common expenses and all assessments or other charges made against the leased or rented unit.

(c) Gift. If any person or entity shall acquire title to or any interest in any unit by gift, the continuance of such title or interest shall be subject to the approval of the Transfer Committee.

(d) Devise of Inheritance. If any person or entity shall acquire title to or any interest in any unit by devise or inheritance, the continuance of such title or interest shall be subject to the approval of the Transfer Committee.

(e) Other Transfers. If any person or entity shall acquire title to or any interest in any unit by any manner not heretofore considered in the foregoing subsections, the continuance of such title or interest shall be subject to the approval of the Transfer Committee.

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

(a) Transfer Committee. The Board of Directors shall, at each of its annual meetings, appoint a Transfer Committee consisting of three (3) members of the Association. The members shall serve on said Committee for one year. All requests for approval shall be referred to this Committee, and the decision of this Committee shall be final. Approval of a transfer must be by a majority of the members of the Committee.

(b) Notice to Committee.

(i) Sale. A unit owner intending to make a bona fide sale of his unit or any interest therein shall give to the Committee at least thirty (30) 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 Committee may reasonably require.

(ii) Lease. Except as is set out in 15.1.(b) above, a unit owner intending to make a bona fide lease of his unit or any interest shall give to the Committee at least thirty (30) 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 Committee may reasonably require, and a copy of the proposed lease.

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

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

(c) Certificate of Approval.

(i) Sale. If the proposed transaction is a sale, then within thirty (30) days after receipt of such notice and information the Committee must either approve or disapprove the proposed transaction.

If approved, the approval shall be stated in a certificate executed by the Chairman of the Committee in recordable form and shall be delivered to the purchaser and shall be recorded in the Probate Court of Baldwin County, Alabama.

(ii) Lease. If the proposed transaction is a lease for a period of more than 5 years (including all extension and renewal periods), then within thirty (30) days after receipt of such notice and information the Committee must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the Chairman of the Committee in recordable form and shall be delivered to the lessee.

(iii) Gift, Devise or Inheritance; Other Transfers. If the person or entity giving notice has acquired his title to interest by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt of such notice and information the Committee must either approve or disapprove the continuance of such title or interest. If approved, the approval shall be stated in a certificate executed by the Chairman of the Committee in recordable form and shall be delivered to such person or entity and shall be recorded in the Probate Court records of Baldwin County, Alabama.

(d) Approval of Corporation, Partnership or Limited Partnership. Inasmuch as the condominium may be used only for residential purposes, and since a corporation, partnership or limited partnership cannot occupy a unit for such use, the approval (as contemplated in this

Section 15.2.(d)) of a corporation, partnership or limited partnership, may be conditioned by requiring that all persons who will use or occupy the unit be also first approved by the Committee.

.3. Disapproval by the Committee. If the Committee shall disapprove a transfer of a unit or any interest therein, the matter shall be disposed of in the followi manner:

(a) Sale. If the proposed transaction is a sale, then within ninety (90) days after notifying the unit owner of such disapproval, the Committee, on behalf of 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 Committee, and the unit owner must sell the unit to the Association or such approved purchaser 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 fair market value, determined 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 are familiar with the values of comparable properties in the Mobile-Baldwin County area, and who shall base their determination upon an 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, unless otherwise agreed by the owner and the purchaser.

(iii) The sale shall be closed within thirty (30) 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 latter.

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

(b) Lease. If the proposed transaction of a lease for a period of more than 5 years (including all extension and renewal periods), 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 person or entity giving notice has acquired title to or any interest in any unit by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt from such person or entity of the notice and information required to be furnished, the Committee, on behalf of the Association, shall deliver or mail by certified mail to such person or entity an offer to purchase either by the Association or by a purchaser approved by the Committee, and to whom such person or entity must sell his title or interest upon the following terms:

(i) The sale price shall be the fair market value determined by agreement within thirty (30) 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 are familiar with values of comparable properties in the Baldwin County area, and who shall base their determination upon an 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 arbitration shall be paid by the purchaser.

(ii) The purchase price shall be paid in cash, unless otherwise agreed by the person or entity and the purchaser.

(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 if the Committee shall fail to provide a purchaser as herein required, then notwithstanding the disapproval, such title or interest shall be deemed to have been approved, and the Committee shall furnish a certificate of approval as elsewhere provided.

.4. Mortgage. Other than to a bank, life insurance company, federal savings and loan association, FHA approved mortgagee, or a lending institution approved by the Developer, no unit owner may mortgage his unit nor any interest therein without the approval of the Board of Directors of the Association. The approval of any other mortgagee may be upon conditions determined by the Association or may be arbitrarily withheld.

.5. Exceptions. The foregoing provisions of this section entitled "Maintenance of Community Interests" shall not apply to a transfer to or purchase by a bank, life insurance company, federal savings and loan association, or mortgagee approved by FHA, Developer, or by the Association which acquires its title as the result of owning a mortgage upon the unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings; nor shall provisions apply to a transfer, sale or lease by a bank, life insurance company, federal savings and loan association, or mortgagee approved by Developer, by the FHA, or by the Association 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.

.6. Unauthorized Transactions. Any sale, lease or other transfer or mortgage which is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Committee or the Board of Directors of the Association, as the case may be.

.7. 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 subsection concerning liens will not affect the validity of any judicial sale.

16. Compliance and Default. Each unit owner shall be governed by and shall comply with the terms of the Condominium Documents and regulations adopted pursuant thereto and said 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 Alabama 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 of 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 proceeding and such reasonable attorney fees as may be awarded by the court.

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

17. Covenant Against Partition. There shall be no judicial or other partition of the project or of 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 provided in said Act or in this Declaration.

18. Amendment. Except as provided in Sections 6 and 9 hereof, this Declaration of Condominium, including exhibits hereto and the By-Laws of Sea Cliff South Owners Association, Inc., shall 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 to be considered.

.2. Resolution. A resolution adopting a proposed amendment may be proposed by a majority of either the Board of Directors of the Association or the members of the Association, and after being proposed and 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. If the mortgage so provides, for the purposes of this Subsection, if any mortgagee holding a mortgage comprising a first lien upon any unit shall express its approval or disapproval of such resolution in writing, the expression of such mortgagee shall be deemed to be that of the unit owner, and any contrary expression by the owner of such unit shall be disregarded.

.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 Probate Court records 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 of units in the condominium and those holding mortgages comprising first liens thereon in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Probate Court records of Baldwin County, Alabama.

.5. Proviso. Provided, however, that no such amendment shall discriminate against any unit owner nor against any unit or class or group of units unless the unit owners so affected shall consent; and no such amendment shall increase or decrease the number of units, nor change the owners' percentage of undivided interest in the common elements unless all owners and all record holders of mortgages comprising first liens thereon shall join in the execution of the amendment.

19. <u>Provisions Pertaining to the Developer</u>.

.1. Notwithstanding any other provisions herein contained;

(a) 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) Until the Developer of the condominium has completed and sold all of the units of the condominium or until October 1, 1977, or until the Developer elects to terminate its control of 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 By-Laws of the Association.

(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) Any mortgage of any form taken by Developer in connection with the sale of a unit may be assigned by Developer at any time to any bank or other financing institution of its choosing. Any such mortgages shall contain a provision recognizing this right of assignment.

2. None of the provisions contained in this paragraph 19 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. Blanket Mortgage. It is hereby expressly provided that the entire condominium property, or some or all of the units in the condominium may be placed under a single or blanket mortgage upon execution by the owners of the property or the units covered thereunder of a recordable instrument which creates a first lien on the property or units covered therein. Any such mortgage shall contain release provisions by which 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. Such proportionate share attributable to each unit shall be the proportion in which all unit owners whose units are then subject to the lien of the mortgage own among themselves the common elements as provided in this Declaration, or such other reasonable proportion as shall be specifically provided in the mortgage instrument. Such mortgage may contain provisions for converting such mortgage to individual mortgages on the individual units included therein.

21. Notice to Mortgagees of Default by Unit Owner. In the event of any default in the performance by a unit owner of any of his duties or obligations under this Declaration, the By-Laws, or the Rules and Regulations of the Association, the Association shall, if such default is not cured within thirty (30) days, give written notice of such default to the holder of a mortgage constituting a first lien on the unit of such defaulting owner; provided, however, that if the default is a failure to pay any charges or assessments to the Association, such notice shall be given if such default is not cured within fifteen (15) days.

22. Notice of Mortgage. Notwithstanding any other provision to the contrary in this Declaration, the Association shall have no obligation to give any notices to, or to take any other actions required by this Declaration with respect to, any mortgages other than those from whom the Association has received a copy of the mortgage or written notice which sets out the unit number of the mortgaged unit, the name of the mortgagor, the name and address of the mortgagee and the date of the mortgage.

The Secretary of the Association shall keep a list of mortgagees which shall contain the information set out above.

23. 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, or in the event the Association becomes the owner of a unit as heretofore provided, 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.

24. Termination. The Condominium may be terminated in the manner provided by the Condominium Ownership Act and amendments thereto; provided, however, that in the event of termination, each unit shall be subject to the payment of its percentage of the common expenses as heretofore defined.

25. Severability. The invalidity in whole or in part of any covenant or restriction, or any section, subsection, sentence, clause, phrase or word, or other provision of this Declaration of Condominium and the By-Laws of the Association shall not affect the validity of the remaining portion thereof.

IN WITNESS WHEREOF, the said Lake Forest, Inc., has caused this Declaration to be executed by its officers thereunto duly authorized on the day and year first above written.

LAKE FOREST, INC.

By: ____________________

As Its V. P.

CORPORATE SEAL

ATTEST:

By: ____________________

As Its Asst Sec'y

STATE OF LOUISIANA

PARISH ~~COUNTY~~ OF ORLEANS

I, the undersigned Notary Public in and for said Parish/~~County~~ in said State, hereby certify that Jack A. Furman and Kenneth E. Hendrycy, whose names as Vice President and Assistant Secretary, respectively, of LAKE FOREST, INC., a corporation, 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 the instrument, they as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and Notarial Seal this 14th day of April, 1975.

NOTARY PUBLIC

____

Notary Public, Orleans/Parish ~~County~~, Louisiana

(AFFIX NOTARIAL SEAL)

My Commission Expires: At Death

Westinghouse Credit Corporation, a Pennsylvania Business Trust, and J. K. Kerner, an individual, as Lender and Substitute Trustee, respectively, under that certain Mortgage and Deed of Trust Security Agreement dated January 15, 1974, and recorded in Mortgage Book 570, at page 211 of the records in the Office of the Judge of Probate of Baldwin County, Alabama, hereby join in and consent to this Declaration of Condominium and the Exhibits hereto.

WESTINGHOUSE CREDIT CORPORATION

By W. L. Ward

As its Vice President

ATTEST:

E. Melkmann

As Assistant Secretary

J. K. Kerner

J. K. KERNER, as Substitute Trustee

STATE OF PENNSYLVANIA

COUNTY OF ALLEGHENY

I, the undersigned Notary Public in and for said County in said State, hereby certify that W. L. Ward and E. Melkmann, whose names as Vice President and Assistant Secretary, respectively, of WESTINGHOUSE CREDIT CORPORATION, a Pennsylvania Business Trust, 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 the instrument, they as such officers and with full authority, executed the same voluntarily for and as the act of said Trust.

Given under my hand and Notarial Seal this the 29th day of April, 1975.

Eileen Greb

Notary Public, Allegheny County, Pennsylvani

(AFFIX NOTARIAL SEAL)

My Commission Expires:

August 25, 1977

EILEEN GREB, Notary Public
Pittsburgh, Allegheny County, Pa.
My Commission Expires
August 25, 1977

STATE OF ALABAMA,
BALDWIN COUNTY
I certify that this instrument was f[illegible]
JUN 18 1975 3[illegible]
and that no tax was collected. Reco[illegible]
Book 1
Page 266
By 303
Harry D'Olive
Judge of [illegible]

apt

STATE OF PENNSYLVANIA

COUNTY OF ALLEGHENY

I, the undersigned Notary Public in and for said County in said State, hereby certify that J. K. KERNER, whose name as Substitute Trustee under the above described mortgage is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as Substitute Trustee, executed the same voluntarily on the day the same bears date.

Given under my hand and Notarial Seal this 29th day of April, 1975.

Eileen Greb

Notary Public, Allegheny County, Pennsylvania

(AFFIX NOTARIAL SEAL)

My Commission Expires:

August 25, 1977

EILEEN GREB, Notary Public
Pittsburgh, Allegheny County, Pa.
My Commission Expires
August 25, 1977