

**BYLAWS**  
**OF**  
**THE SANCTUARY PROPERTY OWNERS ASSOCIATION,**

State of Alabama, Baldwin County  
I certify this instrument was filed  
and taxes collected on:  
2000 January - 7 10:42AM  
Instrument Number 527597 Pages 13  
Recording \$2.00 Mortgage  
Deed ALN Tax  
Index DP 1.00  
Horlan L. Johns, Judge of Probate

**ARTICLE I**

**NAME AND PRINCIPAL OFFICE**

1.01. **NAME AND PRINCIPAL OFFICE:** The name of the corporation is THE SANCTUARY PROPERTY OWNERS ASSOCIATION, INC, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 1709 Highway 59, Gulf Shores, Alabama, but meetings of Members and Directors may be held at such places within the State of Alabama, as may be designated by the Board of Directors.

**ARTICLE II**

**DEFINITIONS**

2.01. **DEFINITIONS:** The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants Conditions & Restrictions for THE SANCTUARY, as recorded or to be recorded in the Office of the Judge of Probate, Baldwin County, Alabama.

**ARTICLE III**

**MEMBERSHIP: MEETING OF MEMBERS: VOTING**

3.01. **MEMBERSHIP:** The Association shall have two (2) classes of membership, Class "A" and "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

3.02. **ANNUAL MEETINGS:** The first annual meeting of the Members shall be held

527597

not later than six (6) months after date of incorporation of the Association. Subsequent regular annual meetings of the Members shall be held on such date and at such time as shall be determined from time to time by the Board of Directors.

3.03. **SPECIAL MEETINGS:** Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes.

3.04. **NOTICE OF MEETINGS:** Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days and not more than sixty (60) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and the hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Notice of any meeting may be waived in writing prior to or after any such meeting. Further, attendance at any such meeting constitutes a waiver of notice thereof, unless such attendance is for the purpose of objecting to having the meeting.

3.05. **QUORUM:** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-half (1/2) of the votes of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote there at shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be

present or represented.

3.06. **VOTING:** The members shall enjoy such qualifications, rights, and privileges as may be fixed by the Declaration and these Bylaws.

3.07. **PROXIES:** At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon the conveyance by the Member of his/her lot.

#### **ARTICLE IV**

##### **BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE**

4.01. **NUMBER:** The affairs of this Association shall be managed by a Board of not less than three (3) or more than five (5) directors, said number to be decided annually by a vote of the members entitled to vote.

4.02. **TERM OF OFFICE:** At the first annual meeting, the Members shall elect the determined number of directors for a term of one year, and said directors shall serve until their successors have been chosen and qualify.

4.03. **REMOVAL:** Any director may be removed from the Board, with or without cause, by a three-fourths (3/4) vote of the Members of the Association. In the event of death, resignation or removal of a director, his/her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

4.04. **COMPENSATION:** No director shall receive compensation for any service he/she may render in his/her capacity as a director, to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his/her duties.

4.05. **ACTION TAKEN WITHOUT A MEETING:** The directors shall have the

right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

## **ARTICLE V**

### **NOMINATION AND ELECTION OF DIRECTORS**

5.01. **NOMINATION:** Nomination for election to the Board of Directors shall be made by the members at the meeting held for such election.

5.02. **ELECTION:** Election to the Board of Directors shall be by cumulative voting and secret written ballot. At such election, the Members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

## **ARTICLE VI**

### **MEETINGS OF DIRECTORS**

6.01. **REGULAR MEETINGS:** Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

6.02. **SPECIAL MEETINGS:** Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

6.03. **QUORUM:** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors

present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

## **ARTICLE VII**

### **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

- 7.01. **POWERS:** The Board of Directors shall have power to:
- (a) Suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
  - (b) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
  - (c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
  - (d) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties. Any contract entered into with an independent contractor shall be limited to a maximum of one year, except with the approval of majority of each class of membership.

7.02. **DUTIES:** It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;
- (b) Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to:
  - (1) Fix the amount of the annual assessments against such Lot at least thirty (30) days in advance of each annual assessment period;
  - (2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
  - (3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.
- (d) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the

issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

- (e) Maintain insurance and exercise other powers as provided in the Articles of Incorporation.

7.03. **HEARING PROCEDURE:** The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a member or other occupant for violations of rules or other obligation of the members unless and until the following procedure is followed:

- (a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:
  - (i) the alleged violation;
  - (ii) the action required to abate the violation; and
  - (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.
- (b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Board in executive session. The notice shall contain:
  - (i) the nature of the alleged violation;

- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
  - (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
  - (iv) the proposed sanction to be imposed.
- (c) **Hearing.** The hearing shall be held in executive session pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the result of the hearing and the sanction, if any, imposed.
- (d) The hearing procedures outlines herein shall not apply to any action, liens or other activities entered into or commenced by the Association to enforce or collect unpaid assessments.

## **ARTICLE VIII**

### **OFFICERS AND THEIR DUTIES**

8.01. **ENUMERATION OF OFFICES:** The officers of this Association shall be a president and secretary; who shall at all times be members of the Board of Directors, a vice-president, and a treasurer, and such other officers as the Board may, from time to time, by resolution create.

8.02. **ELECTION OF OFFICERS:** The election of officers shall take place at the

first meeting of the Board of Directors following each annual meeting of the Members.

8.03. **TERM:** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he/she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

8.04. **SPECIAL APPOINTMENTS:** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

8.05. **RESIGNATION AND REMOVAL:** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice 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.

8.06. **VACANCIES:** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

8.07. **MULTIPLE OFFICES:** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.04 above.

8.08. **DUTIES:** The duties of the officers are as follows:

- (a) **PRESIDENT:** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deed and other written

instruments and shall co-sign all checks and promissory notes.

- (b) **VICE-PRESIDENT:** The vice-president shall act in the place and stead of the president in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him/her by the Board.
- (c) **SECRETARY:** The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring the seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (d) **TREASURER:** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

## ARTICLE IX

### COMMITTEES

9.01. The Board of Directors shall appoint an Architectural Review Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

## ARTICLE X

### BOOKS AND RECORDS

10.01. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost of Twenty-five Dollars (\$25.00) per copy until otherwise determined by the Board of Directors.

## ARTICLE XI

### ASSESSMENTS

11.01. As more fully provided in the Declaration, each Member is obligated to pay the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twenty-one percent (21%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and

reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his/her lot.

**ARTICLE XII**  
**CORPORATE SEAL**

12.02. The Association shall have a seal in circular form having within its circumference the words: "THE SANCTUARY PROPERTY OWNERS ASSOCIATION, INC." and "ALABAMA".

**ARTICLE XIII**  
**AMENDMENTS**

13.01. **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.

13.01. **ADOPTION:** The Board of Directors shall have the power to alter, amend, or repeal any of these Bylaws or to adopt new Bylaws by the affirmative vote of a majority of all of the Directors; provided, however, that any bylaw adopted by the Board may be altered, amended, or repealed, and new bylaws may be adopted by the affirmative vote of at least sixty-seven percent (67%) of the total number of votes of all of the Members. The Members may prescribe in any bylaw adopted by them that such bylaw shall not be altered, amended, or repealed by the Board.

**ARTICLE XIV**  
**CONFLICTS**

14.01. In the case of any conflict between the Articles of Incorporation and these Bylaws,

the Article shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

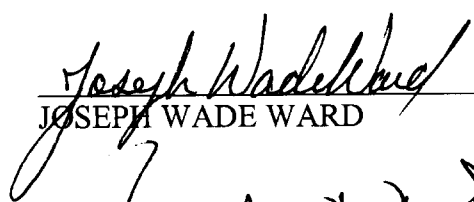
ARTICLE XV

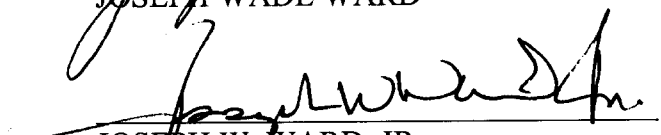
MISCELLANEOUS

15.01. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December every year, except that the first fiscal year shall begin on date of incorporation.

15.02. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith.

IN WITNESS WHEREOF, we, being all of the directors of THE SANCTUARY PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hand this 15th day of December, 1999.

  
JOSEPH WADE WARD

  
JOSEPH W. WARD, JR.

  
STEPHEN CHARLES WARD