

BY-LAWS

OF

ISLAND SHORES ASSOCIATION, INC.

1. IDENTITY

These are the By-Laws of ISLAND SHORES ASSOCIATION, INC., an association organized pursuant to the "Condominium Ownership Act", Section 35-8-1 et seq Ala. Code (1975), for the purpose of administering ISLAND SHORES, a condominium, located in the Town of Gulf Shores, Baldwin County, Alabama.

.1. The mailing address of the Association shall be Post Office Box 159, Gulf Shores, Alabama 36542.

.2. The fiscal year of the Association shall end June 30.

2. MEMBERS' MEETINGS

.1. The annual meetings of the membership shall be at the office of the Association at 11:00 A.M., Local Time, on the first Saturday in December of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day following that is not a legal holiday. The place of the annual meeting shall be at Gulf Shores, Alabama, or such other place as shall be noticed, as provided herein.

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

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

.4. Notice of all members' meetings stating the time and place and the objects for which a meeting is called shall be given by the President or Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings.

.5. Voting shall be on a per unit basis and each unit owner, as defined the Declaration of Condominium shall be entitled to one vote per unit.

65-1434

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

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

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

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

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

- (a) Call to order,
- (b) Calling of the roll and certifying of proxies,
- (c) Proof of notice of meeting or waiver of notice,
- (d) Reading and disposal of any unapproved minutes,
- (e) Reports of officers,
- (f) Reports of committees,
- (g) Unfinished business,
- (h) New business,
- (j) Adjournment.

.11. Cumulative Voting shall not be permitted at any meeting of the owners.

3. BOARD OF DIRECTORS.

.1. Membership. The affairs of the Association shall be conducted by the Board of Directors which shall consist of Five (5) members or such other number as shall, from time to time, be determined and fixed by a vote of a majority of the voting rights present at any annual meeting of the members. Each Director shall be an owner of a unit.

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

(a) Directors shall be elected at the annual meeting of the members of the Association for a three year term of office. Board members shall be elected to numbered positions, one (1) through five (5) with numbers one (1) and two (2) being elected at the Annual Association meeting for 1988, numbers three (3) and four (4) being elected at the Annual Association meeting of 1989, and position number five (5) being elected at the Annual Association meeting for 1990. Each numbered position shall be subject to election procedures at the end of the three (3) year term in the Annual Association meeting for that year.

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

.3. The term of each Directors' services shall extend until the next annual meeting of the Association after his/her election and thereafter until his/her successor is duly elected and qualified or until removed in the manner elsewhere provided.

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

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

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

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

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

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

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

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

.1. To exercise all of the powers of the Association with respect to the operation and regulation of the condominium project which are conferred upon the Board by the Condominium Ownership Act or which may be conferred upon the Board by these By-Laws pursuant to such Act, and to exercise all of the powers of the Association which are conferred upon it by law and by its Articles of Incorporation.

MISC 65 PAGE 1436

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

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

.4. To collect monthly assessments from the Owners, and to render of cause to be rendered statements, when required or useful, of any assessments which remain unpaid by any Owner and to initiate, maintain and settle causes of action and ancillary proceedings to enforce and collect upon money judgments for unpaid assessments.

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

.6. To elect the Officers of the Association and otherwise exercise the powers regarding Officers of the Association as set forth in these By-Laws.

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

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

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

.10. To procure such property and other insurance of all kinds and such fidelity bonds as the Board deems advisable covering Officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure Directors' and Officers' liability insurance if the Board deems it advisable; and the premiums of such bonds and insurance shall be paid by the Association as common expenses.

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

.12. To designate, by resolution passed by a majority of the whole Board, one (1) or more committees to consist of two (2) or more of the Directors. Any such committee to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the corporation, except where action of the full Board of directors is required by law, the Articles of Incorporation, the Declaration or the By-Laws.

MISC 65 PAGE 1437

.13. To designate, by resolution adopted by a majority of the Directors present at a meeting at which a quorum is present, or by the President thereunto duly authorized by a like resolution of the Board of Directors, other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the corporation. Membership on such committees may but need not be limited to Directors or members of the Association.

.14. All committees so appointed shall keep regular minutes of the transactions for their meetings, and shall cause them to be recorded in books kept for that purpose in the office of the Association, and shall report the same to the Board of Directors at the next meeting of such Board.

5. OFFICERS.

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

.2. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association.

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

.4. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the secretary for an association as may be required by the Directors or the President.

.5. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the financial records and books of account of the Association in accordance with good accounting practices; shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred; and he shall perform all other duties incident to the office of Treasurer. The records, books of account, and the vouchers authorizing payments, shall be available for examination by a member of the Association at convenient hours of week days.

6. FISCAL MANAGEMENT

.1. Budget. The Board of Directors shall determine the common expenses of the Association and adopt a budget for each calendar year of such estimated common expenses, including a

reasonable allowance for contingencies and reserves less the unneeded fund balances on hand. Copies of the budget and proposed assessments shall be transmitted to each member at least two (2) weeks prior to the annual meeting preceding the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member. Delivery of a copy of the budget to each Owner shall not affect the liability of any owner for any existing or future assessments.

..2. Assessments for Recurring Expenses.

Assessments for recurring common expenses shall be made for the calendar year annually in advance, on or before December 1st preceding the year for which the assessments are made. The Board may include a Maintenance Fund Reserve for contingencies in such assessments, and such Maintenance Fund reserve may from time to time be increased or reduced at the discretion of the Board. The proportionate interest of each unit owner in said Fund cannot be withdrawn or separately assigned but shall be deemed to be transferred with such unit even though not expressly mentioned or described in the conveyance thereof. In case the condominium regime hereby created shall be terminated and the property removed from the Condominium Ownership Act, any part of the said Fund remaining after full payment of all common expenses of the Association shall be distributed to all unit owners in their respective proportionate shares. Such assessments shall be due in monthly installments on the 1st day of each month of the year from which the assessments are made. If such annual assessment is not made as required, an installment in the amount required by the last prior assessment shall be due upon each installment payment date until changed by a new assessment. The total of the assessments for recurring common expenses shall be not more than one hundred twenty (120%) percent of the assessments for this purpose for the prior year unless approved in writing by unit owners entitled to cast a majority of the votes in the Association. In the event such an annual assessment proves to be insufficient, it may be amended at any time after approval in writing by unit owners entitled to cast a majority of the votes in the Association, and the amended assessment for the remaining portion of the calendar year shall be due at the time the next monthly installment is due. The first assessment shall be determined by the Board of Directors of the Association.

.3. Assessments for capital improvements.

Upon written notice to all the unit owners and upon approval in writing by unit owners entitled to cast a majority of the votes in the Association, the Board may establish and maintain one (1) or more capital reserve accounts, by the assessment of and payment by all the unit owners in equal monthly installments of their respective proportionate shares of such reasonable annual amount, for such term of years, as the Board may estimate as needed to cover each unit owner's obligations to provide for specified capital improvements, such as, by way of illustration and not limitation, the purchase of additional property, the paving or repaving of streets and areas, the construction or reconstruction of common elements, and the like. Each such capital reserve account shall be earmarked, segregated from other accounts, and designated for the specific capital improvement for which the assessment is made, and the funds of each such capital reserve account shall not be commingled with the general assessment funds of the Association but shall be deposited in a special account similarly earmarked and designated. The proportionate interest of each unit owner in each such capital reserve account cannot be withdrawn or separately assigned but shall be deemed to be transferred with such unit even though not expressly mentioned or described in the conveyance thereof. In case the condominium regime hereby created shall be terminated and the property removed from the Condominium Ownership Act, any

part of each such capital reserve account remaining after full payment of all common expenses of the Association shall be distributed to all unit owners in their respective proportionate shares.

.4. Assessments for emergencies. Assessments for common expenses for emergencies which cannot be paid from the assessments for recurring expenses shall be upon resolution passed by at least 80% of the Directors of the Association. After passage of such resolution, the assessment shall become effective, and it shall be due after thirty (30) days' written notice thereof to Owners, which notice shall be in such manner as the Board of Directors of the Association may deem appropriate.

.5. Creation of Lien and Personal Obligation of Assessments. Each owner of any unit by acceptance of a Deed therefore, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay the Association: (1) annual assessments or charges, and (2) special assessments to be established and collected as hereinafter provided, and (3) specific assessments against any particular unit which are established pursuant to the terms of these By-Laws. All such assessments, together with charges, interest, costs, and reasonable attorney's fees, in the maximum amount permitted by law, shall be a charge on the unit and shall be a lien upon the unit against which each assessment is made. Such amounts shall also be the personal obligation of the person who was the owner of such unit at the time when the assessment fell due. Each owner shall be liable for his or her portion of each assessment coming due while he or she is the owner of a unit and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors; unless otherwise provided, the assessments shall be paid in monthly installments.

Each owner is allocated a liability for common expenses in a percentage amount equal to the percentage of undivided interest set out in Exhibit D to the Declaration.

Upon written request to the Board by an owner or prospective purchaser, the Board or the duly designated agent shall furnish within a reasonable time as prescribed by the Act, a recordable statement setting forth the amount of unpaid assessments levied against the unit. The Board may impose a reasonable fee not to exceed twenty-five (\$25.00) dollars for such statements and payment of the fee shall be a prerequisite to the issuance of any statement.

.6. Acceleration. If an owner shall be in default in the payment of an installment of an assessment, including but not limited to the monthly installments based on the annual budget, the Board of Directors may accelerate the remaining installments upon ten days' written notice to such owner, whereupon the entire unpaid balance of such assessment shall become due upon the date stated in such notice.

.7. Default

Effect of Nonpayment of Assessments. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the board may determine from time to time. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien as herein provided for shall attach and in addition the lien shall include the late charge, interest on the principal amount due plus the late charge at the maximum allowable rate from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred

and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the association may, as the board shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by his or her acceptance of a deed to a Lot, vests in the Association or its agents the right and power to bring all actions against him or her personally for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the residence at any foreclosure sale or to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the assessments provided for herein, including by way of illustration but not limitation, abandonment of his or her unit.

.8. In addition to any other remedy available under these By-Laws or otherwise, the Board of Directors of the Association may, in its discretion, cause the water service and cable television service to be terminated in the event an owner of a unit is more than sixty (60) days delinquent in the payment of any sums of money, charges or assessments due to the Association. Such termination of services may continue until the delinquent assessments, charges or other sums of money, together with late charges, costs and attorney fees attributable thereto, are fully paid.

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

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

7. OBLIGATIONS OF THE OWNERS

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

.2. Maintenance and Repair.

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

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

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

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

.4. Right of entry. The manager and any person authorized by the Board of Directors shall have the right to enter each unit in case of any emergency originating in or threatening such unit whether or not the Owner or occupant, when so required, shall permit other unit Owners or their representative to enter his unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the common elements there in for central services provided that requests for entry are made in advance.

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

.6. Mortgages.

(a) Any mortgagee of a unit may file a copy of its mortgage with the Association, and the Secretary shall maintain such information in the record of ownership of the Association. After the filing of the mortgage, the Association shall be required to notify the mortgagee of any unit owner who is in default in the expenses for the administration of the condominium and the mortgagee at its option may pay the delinquent expenses; and the holder of every such mortgage requesting the same shall be entitled to written notification from the Association of any default by the mortgagor of such unit in the performance of such mortgagors obligations under the condominium documents which is not cured within thirty (30) days.

(b) Any holder of a lien or other purchaser of a Unit obtaining title to a Unit as a result of foreclosure proceedings shall be fully liable for the share of common expenses and all other assessments by the Association pertaining to each Unit, attributable to the period of time after acquisition of title. Such a purchaser shall not be fully liable for expenses or assessments pertaining to such unit which became due prior to acquisition of title, and such expenses and assessments shall be deemed to be common expenses collectable from all of the remaining unit owners, including such purchaser, his successors and assigns.

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

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

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

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

8. AGENT TO RECEIVE SERVICE OF PROCESS.

The following person, who is a resident of the State of Alabama, is designated as agent to receive service of process upon the Association:

Name: Gerald King
Resident Address: Post Office Box 159
Gulf Shores, Alabama 36542

9. PARLIMENTARY RULES.

Roberts Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Condominium Ownership Act, Declaration of Condominium, or these By-Laws.

10. AMENDMENTS.

These By-Laws may be amended by following the provisions fo paragraph 19 of the Declaration of Condominium.

The foregoing were adopted as the By-Laws of ISLAND SHORES ASSOCIATION, INC., at the annual meeting of the Board of Directors on April 1, 1988.

Irvin W Bagley
Secretary

Approved:

Michael G Tobias
President

THIS INSTRUMENT PREPARED BY:

BOOKER & LASSITER
205 Fairhope Avenue
Fairhope, Alabama 36532

MISC 65 PAGE 1443

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NOTARY PUBLIC

Michael G Tobias
43