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DECLARATION OF CONDOMINIUM OF
HARBOUR PLACE, A CONDOMINIUM

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Declaration OF CONDOMINIUM
OF
HARBOUR PLACE, A Condominium

THIS Declaration, made this 20th day of September, 1996, by COAST DEVELOPMENT COMPANY, L.L.C., an Alabama limited liability company, herein called the "DEVELOPER", for itself, its successors, grantees and assigns.

RECITALS

1. The Developer is the fee simple Owner of that certain parcel of Real Property situated in the County of Mobile of Baldwin, State of Alabama, hereinafter more particularly described, and intends to improve said Real Property in the manner set out herein.

2. The Developer proposes to establish a Condominium pursuant to the provisions of the Alabama Uniform Condominium Act of 1991. The Condominium shall be known as HARBOUR PLACE, a condominium.

3. The Developer proposes to develop the Condominium in two (2) or more phases, but reserves the right and option, in its sole discretion, to complete only the phase or phases which market or other relevant conditions may dictate.

4. Phase I will consist of one (1) building containing a total of eighty-five (85) Units, together with access, parking and appurtenant facilities herein described.

5. The Developer may improve that part of the Real Property which in excess of the property made a part of Phase I and which is described as Lot 2 of Harbour Place Subdivision by constructing thereon additional Condominium Units, which said lands and improvements may be submitted to the Condominium form of ownership and use, by amendment or amendments to this Declaration, in either one or more additional phases.

6. It is the intent of the Developer that should all or a portion of Lot 2 be submitted to the

terms of this Declaration by amendment or amendments hereto as Phase II or more of the Condominium, as hereinafter provided, such property shall be operated and administered as a Condominium property in the same manner as Phase I.

7. Phase I of the Condominium will be created by the recording of this Declaration, which may be amended by the Developer as herein provided without requiring the approval or consent of any of the Unit Owners. In no event will any subsequent phase or phases have the benefit of the Common Elements created and established for Phase I, nor will Phase I have the benefit of the Common Element created and established for any subsequent phase or phases, unless and until a subsequent phase or phases is included in the Condominium by appropriate Incremental Certificate of Amendment to this Declaration as hereinafter provided.

NOW, THEREFORE, the Developer, hereby makes the following Declaration.

DEFINITIONS

The terms used in this Declaration and in the By-Laws shall have the meanings stated in the Alabama Uniform Condominium Act of 1991, and as follows, unless the context otherwise requires:

1.01. "ACT" means the Alabama Uniform Condominium Act of 1991, Code of Alabama (1975), Section 35-8A-101, et seq.

1.02. "ARTICLES" means the Articles of Incorporation of the Association, recorded in the Office of the Judge of Probate of Baldwin County, Alabama.

1.03. "ASSESSMENT" means proportionate share of the funds required for the payment of the Common Elements which from time to time may be levied against each Unit Owner.

1.04. "ASSOCIATION" means Harbour Place Condominium Owners Association, Inc., an Alabama not for profit corporation, and its successors, and is the corporation organized under the ACT.

1.05. "BOARD" means the Board of Directors of the Association.

1.06. "BUILDING" means all structures or structural improvements located on the Real Property and forming part of the Condominium.

1.07. "BY-LAWS" means the duly adopted By-Laws of the Association, identified as Exhibit "C"

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attached hereto and made a part hereof as if set out fully herein.

1.08. "COMMON ELEMENTS" means all portions of the condominium other than the Units.

1.09. "COMMON EXPENSES" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.10. "COMMON SURPLUS" means the excess of all receipts of the Association arising out of the Common Elements over the amount of the Common Expenses.

1.11. "CONDOMINIUM" means HARBOUR PLACE, a condominium, and consists of the Condominium Property submitted to the Condominium form of ownership by this Declaration.

1.12. "CONDOMINIUM DOCUMENTS" means the Declaration, By-Laws, Articles and all rules and regulations adopted by the Association and all exhibits attached thereto as the same may be amended from time to time.

1.13. "CONDOMINIUM PROPERTY" or "PROPERTY" means all property, both real, personal or mixed, which is submitted to the Condominium form of ownership as provided for herein and includes the Real Property and all improvements now existing or hereafter placed thereon and all easements, rights, interests or appurtenances thereto, and all personal property now or hereafter used in connection therewith.

1.14. "DECLARATION" means this Declaration of Condominium any and amendments thereto which may be made from time to time.

1.15. "DEVELOPER" means COAST DEVELOPMENT COMPANY, L.L.C., an Alabama limited liability company, and its successors and assigns.

1.16. "DEVELOPMENT" shall have the same means as "Condominium Property" or "Property."

1.17. "DEVELOPMENT RIGHTS" shall have the same meaning as is defined in the ACT and as set out in the Declaration.

1.18. "LIMITED COMMON ELEMENT" shall have the same meaning as is defined in the ACT and as set out in the Declaration.

1.19. "MEMBER" means a member of the Association, membership in which is confined to

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Unit Owners.

1.20. "MORTGAGEE" means any lender holding a mortgage or vendor's lien on any part or all of the Condominium Property.

1.21. "OCCUPANT" means a person or persons in possession of a Unit, regardless of whether that person is the Unit Owner.

1.22. "PERSONS" means a natural person, a corporation, a partnership, a limited partnership, the Association, a Trustee, or other legal entity.

1.23. "PLANS" mean the site plan, floor plans, and elevations of Phase I of the Condominium prepared by an independent registered engineer or registered architect, which are marked Exhibit "C" and attached hereto and expressly made a part hereof as though fully set out herein. The Plans contain a certificate of completion executed by an independent registered engineer or registered architect in accordance with the ACT. The Plans contain a certification that the Plans contain all information required by the ACT.

1.24. "REAL PROPERTY" means the Real Property which is submitted to the Condominium form of ownership as provided for herein.

1.25. "SPECIAL DECLARANT RIGHTS" shall have the same meaning as is defined in the ACT and as set out in the Declaration.

1.26. "UNIT" or "PRIVATE ELEMENT" shall have the same meaning as "Unit" is defined in the ACT. The Units are designated on the Plans.

1.27. "UNIT OWNER" means the Owner of a Unit.

1.28. "UTILITY SERVICES" shall include but not be limited to electrical power, gas, garbage and sewage disposal.

When the context permits, use of the plural shall include the singular, use of the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

NAME

2.01. The name by which this Condominium is to be known is HARBOUR PLACE, a

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condominium. The Condominium is located on Perdido Beach Boulevard, in the City of Orange Beach, County of Baldwin, State of Alabama.

THE REAL PROPERTY

3.01. The Real Property owned by the Developer which is herewith submitted to the Condominium form of ownership is the parcel of Real Property lying and being in Baldwin County, Alabama, and being more particularly described as follows:

Phase I

Lot 1, Harbour Place Subdivision, according to map or plat thereof recorded on Slide 1607-A and re-recorded on Slide 1616-B, of the records in the Office of the Judge of Probate, Baldwin County, Alabama.

LESS AND EXCEPT such oil, gas, and other mineral interests and all rights and privileges in connection therewith as may have been reserved or conveyed by prior owners, if any.

The Real Property is subject to the following:

- a) Zoning, planning, and other restrictions or regulations upon the use of the Real Property as may be imposed by the City of Orange Beach, Alabama, or any other governmental authorities having jurisdiction over the Real Property.
- b) Development Rights and Special Declarant Rights granted Developer by the Condominium documents and by the Act.
- c) All ad valorem taxes and assessments.
- d) The rights of eminent domain and other governmental rights of police power.
- e) Easements or claims of easements not shown by the public records.
- f) Encroachments, overlaps, boundary line disputes, and any other matter which would be disclosed by an accurate survey and inspection of the Real Property.
- g) Terms and conditions of all permits and licenses of Federal, state, and local government, including applicable agencies and departments and private and quasi governmental agencies having jurisdiction over the Real Property. This includes the Terms and

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conditions of an affirmative covenant upon the property executed by Coast Development Company, L.L.C., and binding on all successors in interest including Unit Owners and the Harbour Place Condominium Owners Association, Inc., dated 9-20-96, and recorded in ~~Real Property~~ ^{Miscellaneous} Book 90, Page 546, providing for annual monitoring of the beach and dune area seaward of the coastal construction line and providing for mitigation of the effects of beach erosion, if any.

- h) Rights of other parties, the United States of America or State of Alabama in and to the shore, littoral or riparian rights to the property described above lying adjacent to the Gulf of Mexico.
- i) The rights, if any, of the public to use as a public beach or recreation area any part of the described property lying between the Gulf of Mexico and the natural line of vegetation, dunes, extreme high water line or other apparent boundary lines separating the publicly used area from the upland private area.
- j) Reservation of power line easement as contained in deed from Benjamin W. Martin and Virginia P. Martin to Susan Bixler Whiting, dated May 28, 1946, and recorded in Deed Book 108, page 149.
- k) Reservation of easement as contained in deed from Benjamin W. Martin and Virginia P. Martin to Susan Bixler Whiting, dated May 28, 1946, and recorded in Deed Book 108, page 149.
- l) Right of way deed from Sue B. Whiting and Robert M. Whiting to the State of Alabama, dated October 25, 1948, and recorded in Deed Book 141, page 55.
- m) Subdivision Regulations as set forth in instrument by the Orange Beach Planning Commission, dated July 2, 1991, and recorded in Miscellaneous Book 71, page 829.

PURPOSE

- 4.01. The Developer hereby submits the Real Property described above as Phase I together with

all improvements, buildings, structures, and all other permanent fixtures thereon, and all rights and privileges belonging or in any way pertaining thereto, to the Condominium form of ownership and use in the manner provided for by the "Alabama Uniform Condominium Act of 1991", Code of Alabama (1975), Section 35-8A-101, et seq.

DEVELOPMENT PLAN

5.01. Plans. The improvements for Phase I are substantially completed in accordance with the Plans, as evidenced by the Certificate of Completion executed by an independent registered architect or registered engineer.

5.02. Amendment. The Developer shall have the unilateral right, privilege, and option from time to time at any time (subject to the provisions of this Declaration) to subject any part or all of the property described as Lot 2 of Harbour Place Subdivision to the provisions of this Declaration. This Declaration may be amended by the Developer without the consent of any Unit Owner, Mortgagee, or other Person in order to exercise any Development Rights or Special Declarant Rights so long as said amendment complies with the requirements of the Act.

5.03. Subsequent Phases.

A. Generally. The property described Lot 2 of Harbour Place Subdivision, which the Developer may or may not submit to the Condominium form of ownership and use at a future date or dates as Phase II or more, is not hereby submitted to the Condominium form of ownership and use. Also excluded from the Condominium form of ownership is an area on the ground (garage) level of the building constructed as shown on the plans set out in Exhibit "B" as being reserved for the Developer for use as Phase III. The Developer reserves the right to submit this area to the condominium as a Commercial Condominium Unit. However, subject to and in accordance with the following terms and provisions, said property, or a portion or portions thereof, including any portion or portions of each phase, may be submitted to the Condominium form of ownership and use in separate or different parcels at different times by amendment or amendments to this Declaration. No assurance is made concerning whether or not any phase or portion thereof will be or will not be submitted to the Condominium form of

ownership nor is any assurance made concerning the boundaries of the phases, or portions thereof, the number of the phases, or the order in which any phase or portion thereof may be or may not be subject to the exercise of these Development Rights. The exercise by the Developer of any Development Rights on any portion of the Real Estate does not obligate the Developer to exercise said right in all or any other portion of the remainder of the Real Estate.

B. Units. If Phase II or more is developed and made subject to the terms of this Declaration, as provided for herein, each such phase shall consist of a number of Units such that the density (ratio of number of units to land area) of each such phase is no greater than that of Phase I.

C. Common Elements and Limited Common Elements. Any phase which is submitted to the terms of this Declaration shall contain Common Elements and Limited Common Elements consistent, but not identical, with and complimentary to those existing in Phase I (and in any other phase which may have heretofore been developed and submitted to this Declaration).

D. Phasing Amendments. Any such additional phase(s) may, from time to time, be added to, and made subject to, this Declaration by the execution, by the Developer alone, of an amendment to this Declaration, which said amendment shall comply with the provisions of the ACT and shall be recorded in the Probate Court records of Baldwin County, Alabama. Such amendment shall have attached to it exhibits similar to those attached to this Declaration, describing the Property so submitted to the Declaration and containing such other information concerning said Property and the improvements constructed, or to be constructed, thereon as is required by law.

E. Time Limitation. The right of the Developer to add additional phases to the Condominium as herein provided shall cease and terminate ten (10) years from the date of the recording of this Declaration in the Office of the Judge of Probate of Baldwin County, Alabama, and only those phases which shall have been submitted to this Declaration prior to said date shall be deemed to have been validly submitted to this Declaration. Except as provided in the preceding sentence, no other time limitation shall be imposed on the right of the Developer to add additional phases.

F. Effect. Once a phase has been submitted to the terms and provision of

this Declaration, it shall comprise a portion of the Condominium, to be governed by and subject to all of the provisions of the Condominium Documents to the extent that said documents are not inconsistent with the provisions of the amendment adding such phase to this Declaration.

5.04. Agreement. Each Person or entity who shall acquire any Unit in the Condominium or interest in or lien upon any such Unit, regardless of whether said Unit shall be located in Phase I, or II or any portion of said phases shall be deemed, by accepting a conveyance of or otherwise acquiring such Unit interest or lien, to have agreed and consented, within the meaning of this Declaration and of the ACT to be bound by the terms and provisions hereof and to have further agreed and consented that any amendment to this Declaration executed by the Developer alone pursuant hereto shall be binding and effective as written notwithstanding the fact that the undivided interest of the Unit Owners in the Common Elements will be changed thereby.

5.05. Proviso. Anything contained herein to the contrary notwithstanding, Developer does not hereby commit itself to submit such subsequent phase, in whole or in part, to the Condominium form of ownership and use under the terms of this Declaration, and unless submitted to the terms of this Declaration under the provisions hereof, Developer, shall have the right to develop the same or any portion thereof, in any manner and to any extent that it sees fit or to decline to develop said property entirely.

5.06. Easements. Easements are reserved to the Developer throughout the Common Elements as may be reasonably necessary for the purpose of discharging the Developer's obligations or exercising any Development Rights or Special Declarant Rights. Further, the Developer, its successors and assigns, reserves a perpetual nonexclusive easement for access, ingress and egress in, over and through all roads, access routes, parking areas, and other common areas for its guests, licensees, lessees, customers and employees to and from any adjacent and contiguous property for the purpose of real estate sales or any other business operated by the Developer, its successors and assigns, on such property.

Each of the following easements are reserved to the Association for the benefit of the Unit Owners, their guests and lessees and is a covenant running with the Real Property:

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A. Utilities and Drainage. Easements are reserved throughout the Condominium Property as may be required for Utility Services and drainage in order to adequately serve the Condominium; provided, however, such easements to a Unit shall be only in accordance with the Plans or as the improvements are constructed, unless approved in writing by the Unit Owner. Each Unit shall have an easement as may be required to drain the Condominium Property adequately. Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of 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 all pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Association shall have a right of access to each Unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the Common Elements contained therein or elsewhere on the Condominium Property; provided such right of access, except in the event of an emergency, shall not unreasonably interfere with the Unit Owners permitted use of the Unit, and except in the event of emergency, entries shall not be made without prior notice to the Unit Owner.

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

C. Support. Each Unit shall have an easement of support and of necessity

and shall be subject to an easement of support and of necessity in favor of all other Units, and the Common Elements.

D. Access. Each Unit shall have an easement for pedestrian traffic over, through, and across sidewalks, paths, walks, lobbies, elevators, stairways, walkways and lanes, and light passage ways, as the same may from time to time exist in the Common Elements; and for ingress and egress over, through and across such portions of the Common Elements as may from time to time be paved and intended for such purposes, but the same shall not give or create in any Person the right to park on any portion of the Condominium Property not designated as a parking area nor shall it give or create in any Person the right to use or occupy a Limited Common Element designated for the exclusive use of others. This easement shall be non-exclusive and shall include the right of ingress and egress to a public street or highway upon and over Common Elements providing such access and as shown on the Plans.

5.07. General Description of Improvements on Phase I. The Phase I Condominium Property consists essentially of one (1) building, together with automobile parking areas, lawn and landscaping, and other facilities as more particularly set forth in the Plans. The Building contains six (6) levels (stories), including one (1) ground level. The ground level (story) or first floor contains parking spaces, an indoor/outdoor pool and an indoor spa area. The next levels (stories) two (2) through six (6), inclusive, contain CONDOMINIUM RESIDENTIAL UNITS. There are nine (9) types of condominium residential units. There are a total of sixty-five (65) condominium residential units, thirteen on each of the five levels containing such units.

5.08. Units. (Private Elements). Each Unit is assigned a number or letter or a combination thereof, which is indicated on the Plans so that no Unit bears the same designation as any other Unit. The legal description of each Unit shall consist of the identifying number or letter or a combination thereof as shown on the Plans, the name of the Condominium, the name of the County in which the Unit is situated, the name of the office in which this Declaration is recorded, and the book and page number

where the first page of this Declaration is recorded, the description and location of the particular Units and the appurtenances are determined with the aid of the Plans. The Unit boundaries are determined as follows:

A. Horizontal Boundaries. (Planes). The upper and lower boundaries extended to their planer intersections with the vertical boundaries of each Unit shall be:

(1) Upper Boundary. The horizontal plane of the unfinished lower interior surface of the uppermost ceiling.

(2) Lower Boundary. The horizontal plane of the unfinished upper interior surface of the floor.

B. Vertical Boundaries. (Planes). The vertical boundaries of each Unit shall be the vertical planes of the interior surfaces of exterior windows and glass doors bounding a Unit and the unfinished interior surfaces of the walls and entry doors bounding the Unit, excluding paint, wall paper, and light coverings, extended to their planer intersections with each other and with the upper and lower boundaries.

5.09. Unit Floor Plans. There are nine (9) basic floor plans:

Basic Unit Type "A" is a one (1) bedroom, two (2) bath unit, containing a kitchen, dining and living areas, totaling 757 square feet, and a balcony containing 133 square feet serving the unit as a limited common element. There is one Type "A" unit on each level for a total of five.

Basic Unit Type "B" is a two (2) bedroom, two (2) bath unit, containing a kitchen, dining and living areas, totaling 871 square feet, and a balcony containing 133 square feet serving the unit as a limited common element. There are three Type "B" units on each level for a total of fifteen.

Basic Unit Type "Br" is a mirror image of Type "B" and is a two (2) bedroom, two (2) bath unit, containing a kitchen, dining and living areas, totaling 871 square feet, and a balcony containing 148 square feet serving the unit as a limited common element. There are three Type "B" units on each level for a total of fifteen.

Basic Unit Type "C" is a three (3) bedroom, two (2) bath unit, containing a kitchen, dining and

living areas, totaling 966 square feet, and a balcony containing 148 square feet serving the unit as a limited common element. There is one Type "C" unit on each level for a total of five.

Basic Unit Type "D" is a three (3) bedroom, three (3) bath unit, containing a kitchen, dining and living areas, totaling 1238 square feet, and a balcony containing 116 square feet serving the unit as a limited common element. There is one Type "D" unit on each level for a total of five.

Basic Unit Type "E" is a two (2) bedroom, two (2) bath unit, containing a kitchen, dining and living areas, totaling 870 square feet, and a balcony containing 117 square feet serving the unit as a limited common element. There is one Type "D" unit on each level for a total of five.

Basic Unit Type "F" is a three (3) bedroom, three (3) bath unit, containing a kitchen, dining and living areas, totaling 1115 square feet, and a balcony containing 117 square feet serving the unit as a limited common element. There is one Type "F" unit on each level for a total of five.

Basic Unit Type "G" is a three (3) bedroom, two (2) bath unit, containing a kitchen, dining and living areas, totaling 908 square feet, and a balcony containing 144 square feet serving the unit as a limited common element. There is one Type "G" unit on each level for a total of five.

Basic Unit Type "H" is a one (1) bedroom, one and 1/2 (1-1/2) bath unit, containing a kitchen, dining and living areas, totaling 690 square feet, and a balcony containing 148 square feet serving the unit as a limited common element. There is one Type "H" unit on each level for a total of five.

5.10. Unit Ownership. Each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Unit Owner shall have the unrestricted right of ingress and egress to his Unit, which right shall be an appurtenance to his Unit. The private elements of each Unit shall consist of the following:

- A. The air space of the area of the Building lying within the Unit boundaries.
- B. The materials on the interior of the exterior walls and on interior walls separating one Unit from another Unit.
- C. The structural components and surfacing materials of all interior walls located within the boundaries of the Unit.

D. The structural components and surfacing materials of the floors and ceilings of the Unit.

E. All bathtubs, toilets and sinks, the range, refrigerator, dishwasher, hot water heater, air conditioning and heating units, lighting fixtures and all hardware and interior and exterior wall fixtures except those exterior lighting fixtures assigned to the common use of the Condominium, and the power meter and its appurtenances.

F. All interior trim and finishing materials.

5.11. Surfaces. A Unit Owner shall not be deemed to own the structural components of the perimeter and/or load-bearing walls, nor the windows and doors bounding the Units. A Unit Owner, however, shall be deemed to own and shall have the exclusive right and duty to repair and maintain, paint, repaint, tile, wax, paper, or otherwise finish and decorate the surfacing materials on the interior of exterior walls and on interior walls separating a Unit from other Units, and the surfacing materials of the floors of his Unit; all window screens; and all appurtenant installations, including all pipes, ducts, wires, cables, and conduits used in connection therewith, for services such as power, light, telephone, sewer, water, heat and air conditioning, whether located in the boundaries of the Unit or in common areas, which are for the exclusive use of the Unit; and all ceilings and partition walls. A Unit Owner shall have the exclusive right and duty to wash and keep clean the interior and exterior surfaces of windows and doors bounding his Unit.

5.12. Changes. The Developer reserves the right to change the interior design and arrangement of any or all Units owned by it. The Developer further reserves the right to alter the boundaries between Units, which said change shall be reflected by an amendment of this Declaration, which may be executed by the Developer alone, notwithstanding the procedures for amendment described herein. However, no such change of boundaries shall increase the number of Units, nor alter the boundaries of the Common Elements without amendment of this Declaration in the manner described herein. If the boundaries of more than one (1) Unit are altered, the Developer shall appropriately reapportion the shares of the Common Elements which are allocated to the altered Units. Provided, however, the Special Declarant

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Right granted by this section must be exercised on or before ten (10) years from the date of the recording of this Declaration in the Office of the Judge of Probate of Baldwin County, Alabama. No assurance is made concerning whether or not any Unit will be or will not be changed by the Developer nor is any assurance made concerning the nature, character, or quality of said change. The exercise by the Developer of the Special Development Right to change a Unit does not obligate the Developer to exercise said right in any one or all of any other Unit in the Condominium.

5.13. Common Elements. Any right, title or interest in a Unit shall automatically carry with it as an appurtenance and without the necessity of specific reference thereto its respective undivided share of the Common Elements and a right to use the Common Elements in conjunction with the other Unit Owners. The Common Elements of the Condominium are all portions of the Condominium other than the Units and will include the common areas and facilities located substantially as shown on the Plans. Such common areas and facilities will include the following:

- A. All of the Real Property.
- B. All improvements and parts of the Real Property which are not a Unit or Private Element.
- C. All parking areas (even though assigned to the exclusive use of a Unit), driveways and other means of ingress and egress.
- D. The mechanical systems and installations providing service to a Building, or to any Unit, such as electrical power, gas, light, hot and cold water, heating and air conditioning, fireplace, sanitary and storm sewer facilities, and including all lines, pipes, ducts, flues, chutes, conduits, cables, wires, and all other apparatus and installations in connection therewith, whether located in the Common Elements or in the Units, except when situated entirely within a Unit for service only of that Unit.
- E. All tangible personal property required for the maintenance and operation of the Condominium and for the common use and enjoyment of the Unit Owners.
- F. Recreation areas and facilities.
- G. All foundations, slabs, columns, beams and supports of the Building and such

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component parts of exterior walls and walls separating Units, roofs, floors and ceilings as are not described herein as Private Elements.

H. Lawn areas, landscaping, walkways, sidewalks, curbs and steps.

I. Exterior steps, ramps, handrails, stairs and stairwells.

J. All tanks, pumps, pump houses, wells, motors, fans, compressors and control equipment, fire lighting equipment, elevator equipment, and garbage equipment which are not reserved for the use of certain Owners.

K. All area outdoor and exterior lights not metered to individual Units and supports and all entrance and related type signs.

L. The patios, balconies, terraces, porches, storage areas, and doorsteps or stoops affixed to each Unit, even though designated as Limited Common Element.

M. All other parts of the Condominium Property existing for the common use or necessity of the existence, maintenance and safety of the Condominium.

N. All other items listed as such in the ACT.

5.14. Limited Common Elements. The Limited Common Elements located on the Property and the Unit to which they are assigned are as follows:

The patio, balcony, terrace, or porch abutting each Condominium Residential Unit, including the storage closet or area, if any, located on said balcony, are Limited Common Elements appurtenant to those Units to which they attach and whose use is restricted to Units they are appurtenant. Doorsteps or stoops, if any, providing access to a patio, balcony, terrace, or porch are assigned as a Limited Common Element to the Unit to which the patio, balcony, terrace, or porch serves. The maintenance, repair, upkeep, and replacement of each patio, balcony, terrace, or porch, storage area and the doorsteps or stoops, if any, providing access thereto shall be the exclusive responsibility of the Unit Owner to which that patio, balcony, terrace, or porch and storage area shall be appurtenant. The boundary lines of each patio, balcony, terrace, or porch and storage area attached to a Unit are the interior vertical surfaces thereof and the exterior unpainted finished surface of the perimeter baluster or

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railing abutting the patio, balcony, terrace, or porch and shall include the interior of the storage area, if any.

Common Elements

6.01. Ownership. A schedule setting forth the percentage of undivided interest in Phase I of each Unit in the Common Elements is attached hereto, marked Exhibit "D" and by reference made a part hereof. The percentage of undivided interest in Phase I of each Unit in the Common Elements is determined by dividing the total number of square feet of interior area of each Unit by the total number of square feet of interior area in all Units in Phase I. Upon the incorporation of any one or more additional phases into the Condominium by incremental increase as elsewhere provided, the percentage of undivided interest of each Unit in the Common Elements shall be redetermined in accordance with this formula. For purposes of percentage of ownership in the Common Elements, percentage of Common Expenses, and percentage of Common Surplus, and voting on all matters requiring action by the Owners, the percentages as set out on Exhibit "D" shall govern. The ownership interest in the Common Elements shall be an undivided interest, and except as provided in the ACT and this Declaration shall remain undivided. No Unit Owner shall bring any action for partition or division of the Common Elements. The ownership interest in the Common Elements shall not be conveyed, transferred, encumbered or otherwise affected separate from the ownership of the Unit, and any agreement to the contrary shall be void. Each Unit Owner, and the holder of any Mortgage or lien on or other interest in any Unit, shall be deemed by the acceptance of a conveyance of, title to, or Mortgage or lien on such Unit, to have agreed and consented, within the meaning of this Declaration and the ACT to such change or changes in the Unit's interest in the Common Elements and Common Surplus and each Unit's share of the Common Expenses as may result from the addition, if any, of further phases, and to have so agreed and consented to any amendment or amendments to this Declaration effectuating the same.

6.02. Use. Each Unit Owner shall have the right to use the Common Elements (except any portions thereof designated as a Limited Common Element and restricted to the exclusive use of and as an appurtenance to a Unit and subject to any portion subject to leases made by or assigned to the Board and

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the exclusive and semi-exclusive parking spaces and areas) in conjunction with the Owners of other Units as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the Condominium Property. The right to use the Common Elements shall be subject to and governed by the provisions of the ACT, Condominium Documents, and the Rules and Regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions, or grant easements with respect to parts of the Common Elements subject to the provisions of the Declaration and By-Laws.

So long as the Condominium Commercial Unit shall be used for business or commercial purposes, the Unit Owner of the Condominium Commercial Unit, his (its) guests, invitees, and patrons and occupants, shall not use nor enjoy any recreational facility of the Common Area.

6.03. Share of Common Expenses and Limited Common Expenses. Each Unit Owner shall be assessed and is individually liable for a proportionate share of the Common Expenses and the proportionate share of the Common Expenses shall be the same ratio as the Unit Owner's percentage ownership in the Common Elements as the case may be. Each Unit Owner shall be assessed and is individually liable for the Limited Common Expenses in connection with the patio, balcony, terrace, or porch and storage area and the doorsteps or stoops, if any, as set out in Paragraph 5.14 above. Payment of Common Expenses and Limited Common Expenses shall be in such amounts and at such times as determined in the By-Laws. Assessments shall be collected by the Association on a monthly basis. No Unit Owner shall be exempt from payment of his or her proportionate share of the Common Expenses or Limited Common Expenses by waiver or nonuse or nonenjoyment of the Common Elements or Limited Common Elements, or by abandonment of his Unit. Common Expenses and Limited Common Expenses shall include but shall not necessarily be limited to expenditures made or liabilities incurred by the Association, together with payments or obligations to reserve accounts.

6.04. Late Payment of Assessments. Assessments for Common Expenses and Limited Common Expenses, and installments thereon, paid on or before fifteen (15) days after the date when due shall bear no interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear such late charges, penalties, interest and other costs and expenses, at a rate set by the Board, but not to exceed

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to maximum legal rate, together with all expenses, including Attorney's fees incurred by the Association in any undertaking to collect such unpaid Assessments and expenses. All payment upon account shall be first applied to such late charges, penalties, interests and other costs and expenses, including Attorney's fees, and then to the Assessment payment due. The Association may, in the manner provided for in the By-Laws, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, By-Laws, and rules and regulations of the Association.

6.05. Lien for Assessments. The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements and upon the goods, furniture and effects belonging to the Unit Owner and located in such Unit, which lien shall secure and does secure the moneys due for all Assessments now or hereafter levied or subject to being levied against the Unit Owner which lien shall also secure such late charges, penalties and interest, if any, which may be due on the amount of any delinquent Assessment owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in the Common Elements.

6.06. Priority of Lien. The Association shall have a lien for nonpayment of Common Expenses and Limited Common Expenses as is provided by the ACT. In any suit for the foreclosure of a lien for Assessments, the Association shall be entitled to rental from the Unit Owner from the date on which the payment of any Assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said Unit, without notice to the Unit Owner. The rental required to be paid shall be equal to the rental charged on comparable type of dwelling Units in the area in which the Condominium is located. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at a rate set by the Board of the Association but in no case shall said interest exceed the maximum legal rate on any such advances made for such purposes. All Persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other

encumbrance thereon, are hereby placed on notice of the lien granted to the Association. A lien for Common Expenses or Limited Common Expenses shall not be affected by any sale or transfer of a Unit, except as herein provided. A sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall extinguish a subordinate lien for Assessments which became payable prior to such sale or transfer; Provided, however, a sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish the lien of the Association to the extent of the Common Expense Assessments and Limited Common Expense Assessments based on the periodic budget adopted by the Association pursuant to the ACT which would have become due in the absence of acceleration during the six months immediately preceding the institution of an action to enforce the lien. However, any such delinquent Assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all of the Units as a Common Expense. Any such sale or transfer pursuant to foreclosure does not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, any Assessments made thereafter.

6.07. Disposition of Surplus. Each Unit shall carry with it a proportionate share of Common Surplus or Limited Common Surplus, as the case may be, and the proportionate share of Common Surplus or Limited Common Surplus shall be the same ratio as that Unit Owner's percentage ownership of the Common Elements or Limited Common Elements; or in the alternative, such surplus or any portion thereof may be added to a reserve fund for maintenance, repair, and replacement of the Common Elements or the Limited Common Elements, as the case may be, at the sole discretion of the Association.

THE Association

7.01. Powers and Duties. The operation and administration of the Condominium shall be by the Association of the Unit Owners, pursuant to the provisions of the ACT. The Association shall be a not for profit Alabama corporation incorporated by Articles of Incorporation recorded in the office of the Judge of Probate of Baldwin County, Alabama. The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or nonexercise of its powers. The Association shall have exclusive authority and power to maintain a class action and to settle a cause of

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action on behalf of Unit Owners of the Condominium with reference to the Common Elements or the Limited Common Elements, the roof and structural components of a Building or other improvement, and mechanical, electrical and plumbing elements serving an improvement or a Building as distinguished from mechanical elements serving only a Unit; and with reference to any and all other matters in which all the Unit Owners have a common interest. The Association shall have all the powers and duties set forth in the ACT, as well as all the powers and duties granted to or imposed on it under the By-Laws and other Condominium Documents as they may be amended from time to time. The Association is specifically authorized to enter into agreements by which its powers and duties, or some of them, may be exercised or performed by some other Person or Persons. The Association shall have a reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Development and further, shall have the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development. The Board shall have the authority and duty to levy and enforce the collection of general and specific Assessments for Common Expenses and Limited Common Expenses and is further authorized to provide adequate remedies for failure to pay such Assessments.

7.02. Name. The name of the Association shall be Harbour Place Condominium Owners Association, Inc.

7.03. Members. Each Unit Owner shall be a Member of the Association so long as he is a Unit Owner. A Unit Owner's membership shall immediately terminate when he ceases to be a Unit Owner. The membership of a Unit Owner cannot be assigned or transferred in any manner except as an appurtenance to his Unit.

7.04. Voting Rights. Each Unit shall be entitled to one (1) vote, which vote is not divisible, the numerical value of which shall be the percentage of undivided interest in the Common Elements assigned to the Unit of which the Member is the Owner. The vote for a Unit shall be cast by the Owner thereof in the manner provided for herein and in the By-Laws. However, should the Association be a

Unit Owner, it shall not have the voting right for that Unit.

7.05. 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 cast the vote for the Unit shall be designated by a certificate of appointment signed by the president or vice president and attested by the secretary or assistant secretary of the corporation (in the case of a corporation) or by the general partner or partners if more than one (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 (1) Person or by a corporation, partnership or limited partnership, the membership or vote of the Unit concerned may be cast in accordance with the ACT. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned is effected. A certificate designating the Person entitled to cast the vote of a Unit may be revoked by any Owner thereof.

7.06. 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.

7.07. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not less than three (3) nor more than five (5) 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.

7.08. Indemnification. Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, or any settlement thereof, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of

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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 performed 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 interest 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.

7.09. 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.

7.10. By-Laws. The Association and its Members shall be governed by the By-Laws.

7.11. Proviso. Subject to the provisions herein, until the earliest of (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than the Developer; (ii) two (2) years after the Developer, its successors or assigns have ceased to offer Units for sale in the ordinary course of business; or (iii) two (2) years after any Development Right to add new units was last exercised, the By-Laws and rules adopted by the Developer shall govern and the Developer shall have the exclusive right to appoint, remove, and designate the officers and members of the Board of Directors, and 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. The Developer may voluntarily surrender the right to appoint and remove officers and members of the Board; but, in that event, the Developer may require, for the duration of the period of Developer control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective. Provided, however, not later than ninety (90) days after conveyance of twenty-five percentage (25%) of the Units which may be created to Unit Owners other than the Developer, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than the Developer.

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Not later than ninety (90) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than the Developer, not less than thirty three and one-third percent of the members of the Board must be elected by Unit Owners other than the Developer. Except as provided for in the ACT, not later than the termination of any period of Developer control, the Unit Owners shall elect a Board of at least three (3) members, at least a majority of whom must be Unit Owners other than the Developer.

The 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 showing of the Property and the display of signs. The Developer may maintain sales offices, management offices, leasing and operations offices, and models in any Unit of the Condominium or on Common Elements in the Condominium without restriction as to the number, size, or location of said sales offices, management offices, leasing and operations offices, and models. The Developer shall be permitted to relocate said sales offices, management offices, leasing and operations offices, and models from one Unit location to another or from one area of the Common Elements to another area of the Common Elements in the Condominium. The Developer may maintain signs on the Common Elements advertising the Condominium. The rights of the Developer as provided for in this paragraph shall cease and terminate ten (10) years from the date of the recording of this Declaration in the Office of the Judge of Probate of Baldwin County, Alabama.

7.12. Contracts. If entered into before the Board elected by the Unit Owners pursuant to the ACT takes office, any management contract, employment contract, or lease of recreational or parking areas or facilities and any other contract or lease between the Association and the Developer may be terminated without penalty and upon not less than ninety (90) days notice to the other party by the Association at any time after the Board elected by the Unit Owners pursuant to the ACT takes office.

7.13. Availability of Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the ACT. The Association shall make reasonably available in the county where the Condominium is located for examination by Unit Owners, prospective purchasers, first

mortgagees and insurers of first mortgagees of any Unit, or their authorized agents, current copies of the Declaration, BY-LAWS, Rules and Regulations and other books, records, financial statements and the most recent annual financial statement of the Association. Reasonably available shall mean available for inspection upon request, during normal business hours or under reasonable circumstances.

7.14. Reserves for Replacements. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements and Limited Common Elements. The fund shall be maintained out of regular Assessments for Common Expenses and Limited Common Expenses.

MAINTENANCE

8.01. Maintenance by the Association. The Association is responsible for maintenance, repair, and replacement of the Common Elements.

8.02. Maintenance by Unit Owner. Each Unit Owner is responsible for the maintenance, repair, and replacement of his Unit. Each Unit Owner is responsible for the maintenance, repair, and replacement of the Limited Common Elements, if any, attached to his Unit as provided in Paragraph 5.14, above.

8.03. Addition, Alteration and Improvement of the Common Elements. Except as may be prohibited by the ACT, and except as to the Development Rights and Special Declarant Rights provided for in this Declaration, after the completion of the improvements included in the Common Elements or Limited Common Elements which are contemplated by this Declaration, there shall be no addition, alteration, change, or further improvement of Common Elements or Limited Common Elements (except by development of additional phases as elsewhere provided herein) without prior approval of the Association.

8.04. Unit Owner's Covenants. Each Unit covenants and agrees as follows:

- A. To perform all maintenance, repairs, and replacements that are the Unit Owner's obligations under this Declaration and the ACT.
- B. To pay for all the Unit Owner's utilities, including electricity, gas, and

telephone used within the Unit and all taxes levied against the Unit Owner's Unit.

C. Not to make, or cause to be made, any repairs, to any plumbing, heating, ventilation or air conditioning systems located outside the Unit Owner's Unit but required to be maintained by the Unit Owner pursuant to the provisions hereof, except by licensed plumbers or electricians authorized to do such work by the Association or its agent.

D. Not to make any addition or alteration to a Unit or to the Common Elements or to the Limited Common Elements or to do any act that would repair the structural soundness or safety of any part of the Condominium Property. Structural alterations within a Unit may be made only with the written consent of the Association.

E. To make no alterations, additions, improvements, repairs, replacements, or changes to the Common Elements or the Limited Common Elements or to any outside or exterior portion of the Building, specifically including, but not limited to screening or enclosing balconies, installing garage or other exterior doors or affixing out shutters to windows, without the prior written consent of the Association. If consent is granted, the Unit Owner shall use only a licensed contractor who shall comply with the Rules and Regulations with respect to the work which may be adopted by the Association. The Unit Owner shall be liable for all damages to another Unit and to the Common Elements or Limited Common Elements caused by any contractor employed by such Unit or by the subcontractor or employees or such contractor, whether said damages are caused by negligence, accident, or otherwise.

F. To allow the Association, its delegates, agents, or employees at all reasonable times to enter into any Unit or Limited Common Element for the purpose of maintaining, inspecting, repairing, or replacing Common Elements or Limited Common Elements or for repairing, maintaining or replacing any plumbing, heating, ventilation or air conditioning system located within such Unit but serving other parts of the Condominium Property; or to determine, in case of emergency, the circumstances threatening Units or Common Elements or Limited Common Elements and to correct the same; or, to determine compliance with the provisions of the Condominium Documents.

G. To promptly report to the Association any defects or needed repairs for which the

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Association is responsible.

H. To reimburse the Association for any repairs or replacements which are made necessary because of abuse or negligent use by a Unit Owner of the Condominium Property, the cost of such repair or replacement may be assessed against such Unit Owner.

I. To comply with all of the obligations of a Unit Owner under the ACT.

8.05. Contracts for Maintenance. The Association may enter into a contract with any firm, Person or corporation, or may join with other entities in contracting for the maintenance and repair of the Condominium Property, and may delegate to such agent all or any portion of the powers and duties of the Association, except such as are specifically required by the Condominium Documents to have the approval of the Members of the Association. This paragraph shall be subject to the provisions of Paragraph 7.12, above.

8.06. Exterior Surface. The Association shall determine the exterior color scheme of the Condominium Property and shall be responsible for the maintenance thereof, except as may be otherwise provided for herein. No Unit Owner shall paint any exterior surface or add or replace any thing thereon or affix thereto without the written consent of the Association.

INSURANCE

9.01. Purchase of Insurance. Commencing not later than the time of the first conveyance of a Unit to a person other than the Developer, the Association shall maintain insurance upon the Condominium Property to the extent reasonably available as provided for in the ACT and as follows.

9.02. Purchase of Policies. The Association shall retain the original of all insurance policies in a place of safe keeping such as a safe or a safety deposit box.

9.03. Copies to Mortgagees. One copy of each insurance policy and of all endorsements thereto shall be furnished by the Association to any first Mortgagee requesting a copy.

9.04. Authorization to do Business. All policies of insurance must be issued by companies specifically authorized by the laws of the State of Alabama to transact such business.

9.05. Coverage. The Association is required to maintain the following insurance coverage:

A. Property and Casualty. The Association must obtain, maintain, and pay the premiums upon, as a Common Expense, the property insurance required by the ACT and as follows. The type of policy shall be a "master" or "blanket" type policy of property insurance covering all of the Common Elements (except land, foundation, excavation, and other items usually excluded from coverage) including fixtures, to the extent they are part of the Common Elements of the Condominium Property, building service equipment and supplies, and other personal property belonging to the Association. All references herein to a "master" or "blanket" type of policy of property insurance are intended to denote single entity Condominium insurance coverage. In addition, any fixtures, equipment, or other Property within the Units which are to be financed by a first Mortgagee (regardless of whether or not such Property is a part of the Common Elements) must be covered by such "master" or "blanket" policy, if required by said first Mortgagee. The policy shall be in an amount deemed appropriate by the Association but not less than the greater of eighty percent (80%) of the actual cash value of the insured Property at the time the insurance is purchased or such greater percentage of such actual cash value as may be necessary to prevent the applicability of any coinsurance provision at any renewal date, exclusive of land, excavation, foundation, and other items normally excluded from property policies. The policy shall include an "Agreed Amount Endorsement" or its equivalent and, if available, an "Inflation Guard Endorsement." If there shall be a construction code provision that requires changes to undamaged portions of the Condominium Property even when only part of the project is destroyed by an insured hazard, the policies shall include construction code endorsements. The property insurance policy shall provide, as a minimum coverage and protection against:

- (1) Loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement;
- (2) All other perils which are customarily covered with respect to condominiums similar in construction shall be obtained so as to meet the requirements of the ACT.

B. Liability Insurance. The Association must obtain, maintain, and pay the premiums upon, as a Common Expense, a comprehensive general liability insurance policy, including

medical payments insurance, as required by the ACT and covering all the Common Elements, commercial space owned and leased by the Association, and public ways of the Condominium. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location, and use. However, such coverage shall be, if reasonably available, for at least five million dollars (\$5,000,000) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, if reasonably available, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of law suits related to employment contracts of the Association. The policy shall also include, if reasonably available, coverage for protection against water damage liability and, if applicable, elevator collision and garage keepers liability. If required by any first mortgage holder and, if reasonably available, the policy shall include protection against such other risks as are customarily covered with respect to Condominiums similar in construction, location and use, including but not limited to host liquor liability, employers liability insurance, contractual and all written contract insurance and comprehensive automobile liability insurance.

C. Flood Insurance. If any part of the Condominium Property shall be deemed to be in a special flood hazard area, as defined by the Federal Emergency Management Agency or other governmental agency, the Association shall, if reasonably available, obtain, maintain, and pay the premiums upon, as a Common Expense, a "master" or "blanket" type of flood insurance policy. The policy shall cover the Common Elements falling within the designated flood hazard area. The insurance shall be in an amount deemed appropriate by the Association, but not less than an amount equal to the lesser of:

(1) Eighty percent (80%) of the actual cash value of the insured property located within the flood hazard area; or

(2) The maximum coverage available for the Property under the National Flood Insurance Program. The policy shall be in a form which meets the criterion set forth in the most

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current guidelines issued on the subject by the Federal Government.

D. Personnel Coverages. Should the Association employ personnel, all coverages required by law, including workman's compensation, shall be obtained so as to meet the requirements of the law.

E. Fidelity Bonds. The Association, if reasonably available, shall obtain, maintain and pay the premiums upon, as a Common Expense, a fidelity bond to protect against loss of money by dishonest acts on the parts of all officers, directors and employees of the Association and all other persons handling, or responsible for, funds of the Association or funds administered by the Association. Where a management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The fidelity bond shall name the Association as the obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than one hundred and fifty percent (150%) of the estimated annual Common Expenses. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on all bonds required herein to be maintained by the management agent shall be paid by the management agent. The bond shall provide that any first Mortgagee shall receive notice of cancellation or modification of the bond.

F. Other Insurance. The Association shall obtain other insurance required by the ACT and shall have authority to obtain such other insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable. The premiums for such insurance shall be a Common Expense.

If the insurance described above which is required to be maintained is not reasonably available, the Association promptly shall give notice of that fact to be hand delivered or sent prepaid by United

States Mail to all Unit Owners.

9.06. Individual Insurance. Nothing contained herein shall be construed to prevent a Unit Owner from obtaining insurance for his own benefit.

9.07. Provisions. Insurance coverage, if reasonably available, must comply with the requirements of the ACT and this Declaration and shall in substance and effect:

A. Provide that the policy shall be primary, even if the Unit Owner has other insurance that covers that same loss, and further provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, pro-ratio or contribution by reason of any other insurance obtained by or for any Unit Owner.

B. Contain no provision relieving the insurer from liability for a loss occurring because 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 or them.

C. Provide that such policy may not be canceled or substantially modified and the insurer may not refuse to renew said policy (whether or not requested by the Association) except by the insurer giving at least thirty (30) days prior written notice thereof to the Association, the Unit Owner, each holder of a first mortgage on an individual Unit, and every other Person in interest who shall have requested such notice of the insurer.

D. Contain a waiver by the insurer of any right of subrogation to any right of the Association, or either against the Owner or lessee of any Unit.

E. Contain a standard Mortgagee clause which shall:

(1) 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 herein; and

(2) 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

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

9.08. Liabilities and Responsibilities of Unit Owner. A Unit Owner shall be liable for any claim, damage, or judgment entered as a result of the use or operation of his Unit caused by his conduct. Each Unit Owner shall be responsible for obtaining insurance for his own benefit.

9.09. Insurance Premiums. Insurance premiums maintained by the Association shall be paid by the Association as a Common Expense. Should the Association fail to pay such insurance premiums when due, or should the Association fail to comply with other insurance requirements of a Mortgagee, the Mortgagee shall have the right, at its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance. To the extent of any money so advanced, the Mortgagee shall be subrogated to the Assessment and the lien rights of the Association as against the individual Unit Owners for the payment of such item of Common Expense.

9.10. Insurance Trustee; Share of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their Mortgagees as their interest may appear, and shall provide that all proceeds covering Property losses shall be paid to the Association, as Insurance Trustee for each of the Unit Owners in the percentages as 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 purpose elsewhere stated herein and for the benefit of the Unit Owners and their Mortgages. The Insurance Trustee shall the power to adjust all claims arising under insurance policies purchased by the Association; to bring suit thereon in its name and/or in the name of other insured; to deliver releases on payment of claims; to compromise and settle such claims; and otherwise to exercise all the rights, powers, and privileges of the Association and each Unit Owner and any other holder of an insured interest in the Condominium Property under such insurance policies, however, the actions of the Insurance Trustee shall

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be subject to the approval of any first Mortgagee if the claim shall involve more than one Unit, and only if one Unit is involved, such actions shall be subject to approval of any first Mortgagee holding a mortgage and encumbering such Unit.

9.11. Shares of Proceeds. The Association as Insurance Trustee shall receive such insurance proceeds as are paid to it and shall hold the same in trust for the purposes stated herein and for the benefit of the Unit Owners and their Mortgagees in the following shares:

A. Common Elements. An undivided share of the proceeds on account of damage to Common Elements shall be held for each Unit Owner, with such share's portion of the total proceeds being the same percentage as the share of the Common Elements appurtenant to his Unit.

B. Units and Limited Common Elements. Except as provided elsewhere in this Declaration,

(1) When the Condominium Property is to be restored, the proceeds shall be held for the Unit Owners of damaged Units and damaged Limited Common Elements, with the share of each in the total proceeds being in the proportion that the cost of repairing the damage suffered by such Unit Owner bears to the total cost of repair, which cost shall be determined by the Board.

(2) When the Condominium Property is not to be restored, the proceeds shall be held for the Unit Owners in the undivided shares that are the same as their respective shares in the Common Elements.

C. Mortgages. In the event a Mortgagee endorsement has been issued with respect to a Unit, the share of the Owner of that Unit shall be held in trust for the Mortgagee and the Unit Owner as their interest may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination of whether or not any damaged Property shall be reconstructed or repaired except as may be specifically provided to the contrary elsewhere in this Declaration.

9.12. Distribution of Proceeds. Proceeds of insurance policies received by the Association as Insurance Trustee shall be distributed to or for the benefit of the beneficial Owners:

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A. Reconstruction or Repair. First, if the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners, with remittances to Unit Owners and Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by and such Mortgagee.

B. Failure to Repair. It is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial Owners with remittances to Unit Owners and their Mortgagee being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by any such Mortgagee.

RECONSTRUCTION OR REPAIR AFTER CASUALTY

10.01. Determination to Reconstruct or Repair. Any portion of the Condominium for which insurance is required under this Declaration for which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- A. The Condominium is terminated in accordance with the ACT;
- B. Repair or replacement would be illegal under any state or local statute or ordinance covering health or safety; or
- C. Eight percent (80%) of the Unit Owners, including every owner of a Unit or assigned Limited Common Element which will not be rebuilt; vote not to rebuild. The cost of repair or replacement of a Common Element in excess of insurance proceeds in reserves is a Common Expense as provided in this Declaration.

10.02. Plans. Any reconstruction or repair must be substantially in accordance with the ACT and in accordance with the Plans for the original improvements or as the Condominium Property was last constructed; or if not, then according to Plans approved by the Board of Directors of the Association and by one hundred percent (100%) of the Unit Owners.

10.03. Responsibility. If the damage is only to those parts of a Unit or Limited Common

Elements for which the responsibility of maintenance and repair is that of the Unit Owner, 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.

10.04. Estimate of Cost. Immediately after a casualty causing damage to the Condominium Property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

10.05. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair of the Unit and Limited Common Elements by the Association, Assessments shall be made against the Unit Owners who own the damaged Property or have the exclusive right to use the Limited Common Element attached to his Unit, and against all Unit Owners in the case of damage to common areas and facilities in sufficient amounts to provide funds to pay the estimated costs. If any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Assessments shall be made against the Unit Owners who own the damaged Unit and have exclusive right to use the Limited Common Elements attached to his Unit, and against all Unit Owners in the case of damage to common areas and facilities in sufficient amounts to provide funds for the payment of such costs. Such Assessments against Unit Owners for reconstruction and/or repair of damage to Units and Limited Common Elements shall be in proportion to the cost of reconstruction and repair of their respective Units or Limited Common Elements. Such Assessments for reconstruction and/or repair of damage to common areas and facilities shall be in proportion to the Owner's share in the Common Elements. Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as provided for Assessments elsewhere herein.

10.06. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible, which shall consist of proceeds of insurance held by the Association as Insurance Trustee and funds collected by the Association from Assessment against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in

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payment of the cost of reconstruction and repair in the following manner and order:

A. Disbursement. The construction fund shall be disbursed in payment of such costs on the order and in the manner provided by the Board of the Association.

B. Unit Owner. If there is a balance of insurance proceeds after the payment of the cost of reconstruction and repair that are the responsibility of the Association, this balance shall be distributed to Unit Owners of damaged Units or damaged Limited Common Elements who are responsible for the reconstruction and repair of the damaged portions of their Units or Limited Common Elements. The distribution to each Unit Owner shall be made in the proportion that the estimated costs of reconstruction and repair of such damage to his Unit or Limited Common Element bears to the total of such estimated costs in all damaged Units and Limited Common Elements. However, no Unit Owner shall be paid an amount in excess of such estimated cost for his Unit or Limited Common Element. If there is a first Mortgagee, the distribution shall be paid to the Unit Owner and to the first Mortgagee jointly.

C. Surplus. It shall be presumed that the first moneys distributed in payment of costs of reconstruction and repair shall be from insurance proceeds. 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.

EMINENT DOMAIN

11.10. Proceeds. The taking of a portion of a Unit or of the Common Elements by eminent domain shall be deemed to be a casualty and the determination as to whether the Condominium will be reconstructed or repaired or continued after condemnation will be determined in the manner provided for in the ACT and under Reconstruction or Repair after casualty and the awards for such taking shall be deemed proceeds from insurance on account of the casualty and shall be deposited with the Association as Insurance Trustee. Even though the awards may be payable to a Unit Owner, the Unit Owner shall deposit the awards with the Association as Insurance Trustee; and in the event of failure to do so, in the discretion of the Board of Directors of the Association an Assessment shall be made against a defaulting Unit Owner in the amount of his award, or the amount of such award shall be set off against the sums

hereafter made payable to such Unit Owner.

11.02. Disbursement of Funds. If the Condominium is terminated after condemnation, the proceeds of the condemnation awards will be deemed to be insurance proceeds and shall be owned and distributed in the manner provided in this Declaration for the distribution of insurance proceeds if the Condominium is terminated after damage to the Common Elements. If the Condominium is not terminated after condemnation, the size of the Condominium Property will be reduced and the Property damaged by the taking will be made usable in the manner provided by the ACT and as provided below. The proceeds of such award shall be used for these purposes and shall be disbursed in the manner provided for disbursement of funds by the Association after damage to the Common Elements.

11.03. Unit Reduced but Habitable. If the taking reduces the size of a Unit and the remaining portion of the Unit can be made habitable, the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

A. Restoration of Unit. The Unit shall be made habitable. If the cost of the restoration exceeds the amount of the award, and the Owner of the Unit does not within a reasonable period of time provide the additional funds required for restoration, such additional funds may, in the discretion of the Board of Directors, be extended for restoration by the Association and be assessed against the Unit Owner as an Assessment.

B. Distribution of Surplus. The balance of the award, if any, shall be distributed to the Owner of the Unit and to any first Mortgagee of a Unit, the remittance being made payable jointly to the Unit Owner and any such first Mortgagee.

C. Adjustment of Shares in Common Elements. If the floor area of the Unit is reduced by the taking, the percentage representing the share in the Common Elements, the Common Expenses and the Common Surplus appertaining to the Unit shall be reduced in accordance with the ACT.

11.04. Unit Made Unhabitable. If the taking is of the entire Unit, or so reduces the size of the Unit that it cannot be used practically or lawfully for any purpose permitted by the Declaration, the award

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for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium.

A. Payment of Award. The award shall be paid first to any first Mortgagee in an amount sufficient to pay off its mortgage on such Unit; and then jointly to the Unit Owner and other Mortgagees of the Unit in an amount not to exceed the market value of the Condominium parcel immediately prior to the taking as diminished by any sums from the award previously reserved for any first Mortgagee; and the balance, if any, to the repairing and replacing of the Common Elements damaged by the taking.

B. Addition to Common Elements. The remaining portion of the Unit, if any, shall become part of the Common Elements and shall be placed in condition for use by all of the Unit Owners in the manner approved by the Board of Directors; provided that if the cost of the work shall exceed the balance of the fund from the award for the taking, the work shall be approved in the manner elsewhere required in this Declaration for further improvement of the Common Elements.

C. Adjustment of Shares in Common Elements, Common Expenses, and Common Surplus. The shares in the Common Elements, the Common Expenses, and the Common Surplus appurtenant to the Units that continue as part of the Condominium shall be adjusted to distribute the ownership of the other shares among the reduced number of Unit Owners. This adjustment shall be done by restating said share of the continuing Unit Owners as percentages aggregating one hundred percent (100%) so that the shares appurtenant to the Units of the continuing Owners shall be in the same proportions to each other as before the adjustment.

D. Assessments. If the balance of the award (after payments to the Unit Owner and such Owners' Mortgagees as above provided) for the taking is not sufficient to finance the alteration of the remaining portion of the Unit for use as part of the Common Elements, the additional funds required for such purposes shall be raised by Assessments against all the Unit Owners who will continue as Owners of Units after the changes in the Condominium effected by the taking. Such Assessments shall be made in proportion to the shares of those Unit Owners in the Common Elements

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after the changes effected by the taking.

E. Arbitration. If the market value of a Condominium parcel prior to the taking cannot be determined by agreement between the Unit Owners, Mortgagees of the Unit, and the Association within thirty (30) days after notice by either party, the value shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination on an average of their appraisals of the Condominium parcels; and a judgment of specific performance on the decision rendered by the arbitrators may be entered into any court of competent jurisdiction. The cost of arbitration proceedings shall be assessed against all Owners of Units prior to the taking in proportion to the shares of the Owners in the Common Elements as they exist prior to the changes effected by the taking.

11.05. Taking of Common Elements. Awards for the taking of Common Elements shall be used to make the remaining portion of the Common Elements usable in the manner approved by the Board of Directors; provided that if the cost of the work shall exceed the balance of the funds from the awards for the taking, the work shall be approved in the manner required elsewhere in this Declaration for further improvement of the Common Elements. The balance of the awards for the taking of the Common Elements, if any, shall be distributed to the Unit Owners in the shares in which they own the Common Elements, after adjustment of these shares on account of the condemnation, except that if a Condominium parcel is encumbered by a first mortgage, the distribution shall be paid jointly to the Owner and the first Mortgagee of the Condominium parcel.

11.06. Conflict with Act. If there is any conflict with the provisions of this article and the ACT, the provisions of the ACT shall control.

USE RESTRICTIONS

The use of the Condominium Property shall be in accordance with the provisions of this Declaration and with the following provisions so long as the Condominium exists.

12.01. Units.

A. Each Condominium Residential Unit shall be occupied and used by a family, their employees, and guests only as a residence and for the furnishing of services and facilities herein provided for the enjoyment of such residence. The foregoing restrictions as to residence, however, shall not be construed in such manner as to prohibit a Unit Owner from:

- (1) Maintaining his personal professional libraries;
- (2) Keeping his personal business or professional records or accounts;
- (3) Handling his personal business or professional telephone calls or correspondence.

Such uses are declared expressly customarily incidental to the principal residential use and not in violation of said restrictions.

B. The Condominium Commercial Unit shall be occupied as a business or commercial establishment by the record title holder of said Unit and shall be used by the record title holder's agents, servants, invitees, licensees, and patrons. The use of the Condominium Commercial Unit shall at all times comply with the various ordinances and zoning regulations promulgated by the governmental authority having jurisdiction and the various rules and regulations promulgated by the Board of Directors of the Association. So long as the Condominium Commercial Unit shall be used for business or commercial purposes, the Unit Owner of the Condominium Commercial Unit, his (its) guests, invitees, and patrons and occupants, shall not use nor enjoy any recreational facility of the Common Area. This paragraph shall not prohibit a Condominium Commercial Unit Owner from leasing his Unit, provided the Unit Owner complies with this Declaration. Provided, however, the restrictions contained in this Declaration pertaining to the Condominium Commercial Unit shall not prohibit the Owner of the Condominium Commercial Unit from using the Unit as a Residential Unit and for residential purposes in the same manner as Condominium Residential Unit Owners.

12.02. Miscellaneous Restrictions.

A. Nothing shall be stored in or upon the Common Elements or Limited Common Elements without prior consent of the Board except in storage closets or areas or as otherwise

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herein expressly provided;

B. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in or on the Common Elements which will result in the cancellation of insurance of any Unit or any part of the Common Elements or which will be in violation of any law.

C. No waste shall be committed in or on the Common Elements.

D. Each Unit Owner shall provide and maintain garbage and trash receptacles as may be directed by the Board, and all garbage and trash shall be kept in said receptacles.

E. No Unit Owner or occupant shall disturb or annoy other occupants of the Condominium Property nor shall any occupant or Unit Owner commit or permit any nuisance, noxious, offensive, immoral or illegal act in his Unit or on the Property.

F. Subject to Development Rights under this Declaration, no sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board or the written consent of the Managing Agent acting in accordance with the Board's direction. Provided, however, the Owner of the Condominium Commercial Unit may display a sign adjacent of his Unit so long as said sign complies with reasonable rules and regulations imposed by the Association and complies with all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof.

G. Except as expressly provided hereinabove, nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board.

H. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof.

I. Outdoor drying of clothes, bedding, or similar items is not permitted.

J. Parking of vehicles in driveways and parking areas shall be subject to the rules and regulations of the Board applicable thereto.

K. Except within individual Units, no planting, transplanting, or gardening shall be done, and no fences, hedges, or walls shall be erected or maintained upon the Property, except as approved by the Board.

L. Motorcycles, motor bikes, motor scooters, or other similar vehicles shall not be operated within the Property except for the purpose of transportation, it being intended that said vehicles shall not be operated within the Property so as to annoy or disturb persons or endanger persons or Property.

M. 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.

N. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the Condominium Property shall be the same as the responsibility for the maintenance and repair of the Condominium Property concerned.

O. Neither the Board nor the Association shall take or permit to be taken any action that unlawfully discriminates against one or more Unit Owners.

12.03. Pets. No animals or pets of any kind shall be kept in any Unit or any Property of the Condominium except with the written consent of and subject to the rules and regulations adopted for keeping such pets by the Board of Directors of the Association; provided that such consent may be terminated without cause at any time by the Board of Directors of the Association. No animals shall be kept for commercial purposes nor be allowed to create or cause any disturbance or nuisance of any kind, and if an animal or pet does cause or create a nuisance or an unreasonable disturbance, said animal or pet shall be permanently removed from the Property within three (3) days from the day the owner receives the

written notice from the Board of Directors of the Association. The Owner of any pet or animal shall be liable for any and all damage caused by such animal or pet to any part

of the Condominium Property or to any other Property operated by the Association.

12.04. Employees. No employee, customer, or patron of a Unit Owner shall be allowed either to use any of the facilities which are Common Elements of the Condominium Property or to use any of the Property owned or operated by the Association.

12.05. Use of Common Elements. The Common Elements shall be used in accordance with this Declaration and only by the Unit Owners and their agents, tenants, family members, invitees, and licensees for access, ingress to, and egress from the respective Units and for such other purposes incidental to the use of the Units. However, other areas designated for a specific use shall be used for the purposes approved by the Board. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner, and shall be subject to any lease, concession, or easement, presently in existence or entered into by the Board at some future time, affecting any part or all of said Common Elements.

12.06. Unrestricted Right of Transfer. The right of a Unit Owner to sell, transfer, or otherwise convey his Unit shall not be subject to any right of first refusal or similar restriction.

12.07. Leases. Entire Units may be leased by the Unit Owners; provided, however, that such lease and the rights of any tenant thereunder are hereby made expressly subject to the power of the Association to prescribe reasonable rules and regulations relating to the lease and rental of Units (including a minimum or maximum rental period) and to enforce the same directly against such tenant or other occupant by the exercise of such remedies as the Board deems appropriate, including eviction. No individual rooms may be rented. Anything to the contrary notwithstanding, the Developer, and its assigns, retain the right to maintain sales offices, management offices, leasing and operations offices and models on the Condominium property as provided in Paragraph 7.11 above.

12.08. Regulations. Reasonable regulations concerning the use of the Condominium Property

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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.

12.09. Parking. One (1) automobile parking space shall be made available to each Unit Owner. The parking spaces shall be located by the Board of Directors. The Board of Directors of the Association may or may not in its discretion assign specific parking spaces to the Unit Owners. If an assignment is made, such assignment shall not be recorded in the public records. The Board of Directors of the Association shall have the right to change the assignment of such specific parking spaces from time to time as in its sole discretion it deems advisable.

12.10. No Restrictions on Mortgaging Units. Anything construed in any of the Condominium Documents to the contrary, there shall be no restrictions on the right of a Unit Owner to mortgage his Unit.

AMENDMENT

13. This Declaration and the By-Laws of the Association may be amended as provided in the Act.

PURCHASE OF CONDOMINIUM UNIT

BY ASSOCIATION

14.01. Decision. The decision of the Association to purchase a Condominium Unit shall be made by the Board of Directors without the approval of the Members except as provided in this Article.

14.02. Limitation. If at any time the Association is already the Owner of or has agreed to purchase one or more Condominium Units, it may not purchase any additional Condominium Units without the prior written approval of Members holding seventy-five (75%) percent of the votes of those Members eligible to vote thereon, except as provided in this Article. A Member whose Condominium

Unit is the subject matter of the proposed purchase shall be ineligible to vote thereon. Notwithstanding the foregoing, however, the foregoing limitations shall not apply to Condominium Unit either to be purchased at public sale resulting from a foreclosure of the Association's lien for delinquent Assessments where the bid of the Association does not exceed the amount found due the Association, or to be acquired by the Association in lieu of foreclosure of such lien if the consideration therefore does not exceed the cancellation of such lien. In any event, the Board of Directors or a designee thereof, acting on behalf of the Association, may only purchase a Condominium Unit in accordance with this Article, or as the result of a sale pursuant to the foreclosure of:

- (1) A lien on the Condominium Unit for unpaid taxes;
- (2) a lien of a mortgage;
- (3) the lien for unpaid Assessments;
- (4) or any other judgment lien or lien attaching to such Condominium Unit by

Notice of Lien or Unit

15.02. Notice of Suit. A Unit Owner shall give notice in writing to the Secretary of the Association of every suit or other proceeding that may affect the title to his Condominium

15.03. **Failure to Comply.** Failure to comply with this section will not affect the validity of any judicial proceeding.

Condominium Property. Ownership of a Unit subjects the Unit Owner to compliance with provisions of the Declaration, the Articles, the By-Laws, the Rules and Regulations of the Association, and any contracts to which the Association is a party, as well as to any amendments to any of the foregoing. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to an action for damages or injunctive relief, or both, in addition to other remedies provided in the Condominium Documents and the Act.

16.01. Enforcement. The Association, through the Board of Directors, is hereby empowered to enforce the Condominium Documents and all rules and regulations of the Association by such means as are provided by the Act, including the imposition of reasonable fines (after reasonable notice and opportunity to be heard) from time to time as set forth in the By-Laws. In the event a Unit Owner fails to maintain his Unit in the manner required in the Condominium Documents and any rules and regulations of the Association, the Association, through the Board of Directors, shall have the right to assess the Unit Owner and the Unit for the sums necessary to do the work required to effect compliance and to collect, and enforce the collection of, a Special Assessment therefor as provided in this Declaration. In addition, the Association shall have the right, for itself and its employees and agents, to enter such Owner's Unit and perform the necessary work to effect compliance.

16.03. Negligence. A Unit Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness or by that of any member of his family, his lessees, or his or their guests, invitees, employees, or agents, 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 and casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit, or the Common Elements. The liability for such increases in insurance rates shall equal five times the first resulting increase in the annual premium rate for such insurance.

16.04. No Waiver of Rights. The failure of the Association or any Unit Owner to enforce any covenant, restriction, or other provision of the Act, the Condominium Documents, or any rules and regulations adopted pursuant thereto shall not constitute a waiver of the right to do so.

GENERAL PROVISIONS PERTAINING TO MORTGAGES

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

- A. Any condemnation or casualty loss that affects either a material portion of the project or the Unit securing its mortgage.
- B. Any 60-day delinquency in the payment of Assessments or charges owed by the Owner of any Unit on which it holds the mortgage.
- C. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- D. Any proposed action that requires the consent of a specified percentage of mortgage holders.

17.02. Blanket Mortgages. The entire Condominium Property, or some or all of the Units included therein, may be subjected to a single or blanket mortgage constituting a first lien thereon created by a recordable instrument executed by all of the Owners of the Property or Units covered thereby. Any Unit included under the lien of such mortgage may be sold or otherwise conveyed or transferred subject thereto. Any such mortgage shall provide a method whereby any Unit Owner may obtain a release of his Unit from the lien of such mortgage and a satisfaction and discharge in recordable form upon payment to the holder of the mortgage of a sum equal to the reasonable 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. The proportionate share of the mortgage required to be paid for release shall be determined by provisions pertaining thereto stated in the mortgage, or, if the mortgage contains no such provisions, then according to the proportionate share of the common elements of the Condominium attributable to such Unit or Units.

TERMINATION

18. The termination of the Condominium may be effected in accordance with the provisions

of the Act and by agreement of Unit Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated. The agreement shall be evidenced by a written instrument executed in the manner required for a deed and recorded in the public records of Baldwin County, Alabama. After termination of the Condominium the Unit Owners shall own the Condominium Property and all assets of the Association as tenants in common in undivided shares

COVENANT AGAINST PARTITION

19. There shall be no judicial or other partition of the Condominium Property or any part thereof, nor shall Developer or any Person acquiring any interest in the Property or any part thereof seek any such partition unless the Property has been removed from the provisions of the Act.

MISCELLANEOUS

20.01. Intent. It is the intent of the Developer to create a Condominium pursuant to the Act. In the event that the Condominium created by this Declaration shall fail in any respect to comply with the Act, then the common law as the same exists on the filing date of this Declaration shall control, and the Condominium hereby created shall be governed in accordance with the laws of the State of Alabama, the By-Laws, the Articles, and all other instruments and exhibits attached to or more a part of this Declaration.

20.02. Covenants, Conditions and Restrictions. All provisions of the Condominium Documents shall, to the extent applicable and unless otherwise expressly therein provided to the contrary, be perpetual and be construed to be covenants running with the land and with every part thereof and interest therein; and all of the provisions of the Condominium Documents shall be binding on and inure to the benefit of any Owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representative, successors, and assigns, but said provisions are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public. All Unit Owners and Occupants shall be subject to and shall comply with the provisions of the Condominium Documents and any rules and regulations promulgated thereunder.

20.03. Severability. The invalidity in whole or in part of any covenant or restriction or any

paragraph, subparagraph, sentence, clause, phrase, word or other provision of this Declaration, the Articles, the By-Laws, any rules and regulations of the Association promulgated pursuant thereto, and any exhibits attached hereto, as the same may be amended from time to time, or the Act, or the invalidity in whole or in part of the application of any such covenant, restriction, paragraph, subparagraph, sentence, clause, phrase, word or other provision shall not affect the remaining portion thereof.

20.04. Notice. The following provisions shall govern the construction of the Condominium Documents, except as may be specifically provided to the contrary herein: All notices required or desired under the Condominium Documents to be sent to the Association may designate from time to time by notice in writing to all Unit Owners. Except as provided specifically to the contrary in the Act, all notices to any Unit Owner shall be delivered in person or sent by first-class mail to the address of such Unit Owner at the Condominium, or to such other address as he may have designated from time to time, in a writing to the Association. Proof of such mailing or personal delivery to a Unit Owner by the Association may be provided by the affidavit of the Person or by a post office certificate of mailing. All notices to the Association of a Unit Owner shall be deemed to have been given when delivered to the addressee in person or by a post office certificate of mailing.

20.05. Governing Law. Should any dispute or litigation arising between any of the parties whose rights or duties are affected or determined by the Condominium Documents, such dispute or litigation shall be governed by the laws of the State of Alabama.

20.06. Waiver. No provisions contained in the Condominium Documents shall be deemed to have been waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

20.07. Ratification. Each Unit Owner, by reason of having acquired ownership of his Condominium Parcel, whether by purchase, gift, operation of law, or otherwise, shall be deemed to have acknowledged and agreed that all the provisions of the Condominium Documents and any rules and regulations promulgated thereunder are fair and reasonable in all material respects.

20.08. Captions. The captions used in the Condominium Documents are inserted solely as a

matter of convenience and reference and shall not be relied on and/or used in construing the effect or meaning of any of the text of the Condominium Documents.

20.09. Costs and Attorney's fees. In any proceeding arising because of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be awarded by the Court.

IN WITNESS WHEREOF, COAST DEVELOPMENT COMPANY, L.L.C., an Alabama limited liability company, has caused this instrument to be executed on this the 20th day of September, 1996.

COAST DEVELOPMENT COMPANY, L.L.C.

By: C. B. Harbour III
C. B. Harbour III
Its Managing Member

STATE OF Alabama
COUNTY OF Baldwin

I, Renee' Washington, the undersigned authority, Notary Public in for said County in said State, hereby certify that C. B. Harbour III, whose name as Managing Member of Coast Development Company, L.L.C., an Alabama Limited Liability Company, 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 such capacity and with full authority, executed the same voluntarily for and as the act of said company on the day the same bears date.

Given under my hand and seal this the 20th day of September, 1996.

Renee' Washington
NOTARY PUBLIC

My Commission Expires:

10/18/99
THIS INSTRUMENT PREPARED BY:
Jule R. Herbert Jr.
Jule R. Herbert Jr., P. C.
Attorney at Law
P O Drawer 3889
Gulf Shores AL 36547
(334) 968-4764



MISC0090 PAGE 0602

EXHIBIT "D"

HARBOUR PLACE CONDOMINIUM

OWNERSHIP OF COMMON UNITS

Respective ownership interest in common and limited common elements, which is subject to change as additional phases, if any, are added:

Per Unit of each Unit Type:

Unit A: .0128632

Unit B and Br: .0148003

Unit C: .0164146

Unit D: .0210365

Unit E: .0147833

Unit F: .0189464

Unit G: .015429

Unit H: .0117247

EXHIBIT "E"

HARBOUR PLACE PROPERTY OWNERS ASSOCIATION, INC.

**1996-1997 PROJECTED OPERATING BUDGET
(Assumes 100% Occupancy)**

PROJECTED FIRST YEAR EXPENSES:

ADMINISTRATIVE:

Insurance	\$24,000.00
Management Fee	9,600.00
Office Supplies	200.00
Postage	250.00
Stationary and Printing	250.00
Professional Fees	1,700.00

PAYROLL EXPENSE:

Building Maintenance Payroll	12,000.00
Grounds Maintenance Payroll	16,000.00

MAINTENANCE EXPENSES:

Common Area Maintenance	3,375.00
Elevator Maintenance	5,000.00
Exterminator	2,500.00
Waste Collection	6,700.00
Repairs & Maintenance	3,750.00
Reserve & Contingency	6,000.00
Supplies - Grounds Maintenance	2,500.00
Supplies - Pool Maintenance	4,000.00
* Alarm/Fire Pump Maintenance	
* Diesel Generator Maintenance	

UTILITY EXPENSE:

Cable Television	4,500.00
Elevator Telephones	300.00
Baldwin County EMC (Electric)	8,000.00

EXHIBIT "E" CONTINUATION PAGE

Orange Beach Water	18,200.00
Sewer System	20,000.00
Gas Heated Pool	5,500.00

TOTAL EXPENSES **\$153,875.00**

* Included in repairs & maintenance

PROJECTED MONTHLY PROPORTIONATE SHARE OF EXPENSES:

These figures are calculated based on the fractional percentages of common ownership of each unit type as set out in the Declaration. The estimated Common Expense has been made by the Developer and is believed to be reasonably accurate as of the time it was made. However no warranty or guarantee is intended.

Unit type A: \$165
Unit type B: \$189
Unit type Br: \$189
Unit type C: \$210
Unit type D: \$269
Unit type E: \$190
Unit type F: \$243
Unit type G: \$197
Unit type H: \$150

MISC0090 PAGE 0605

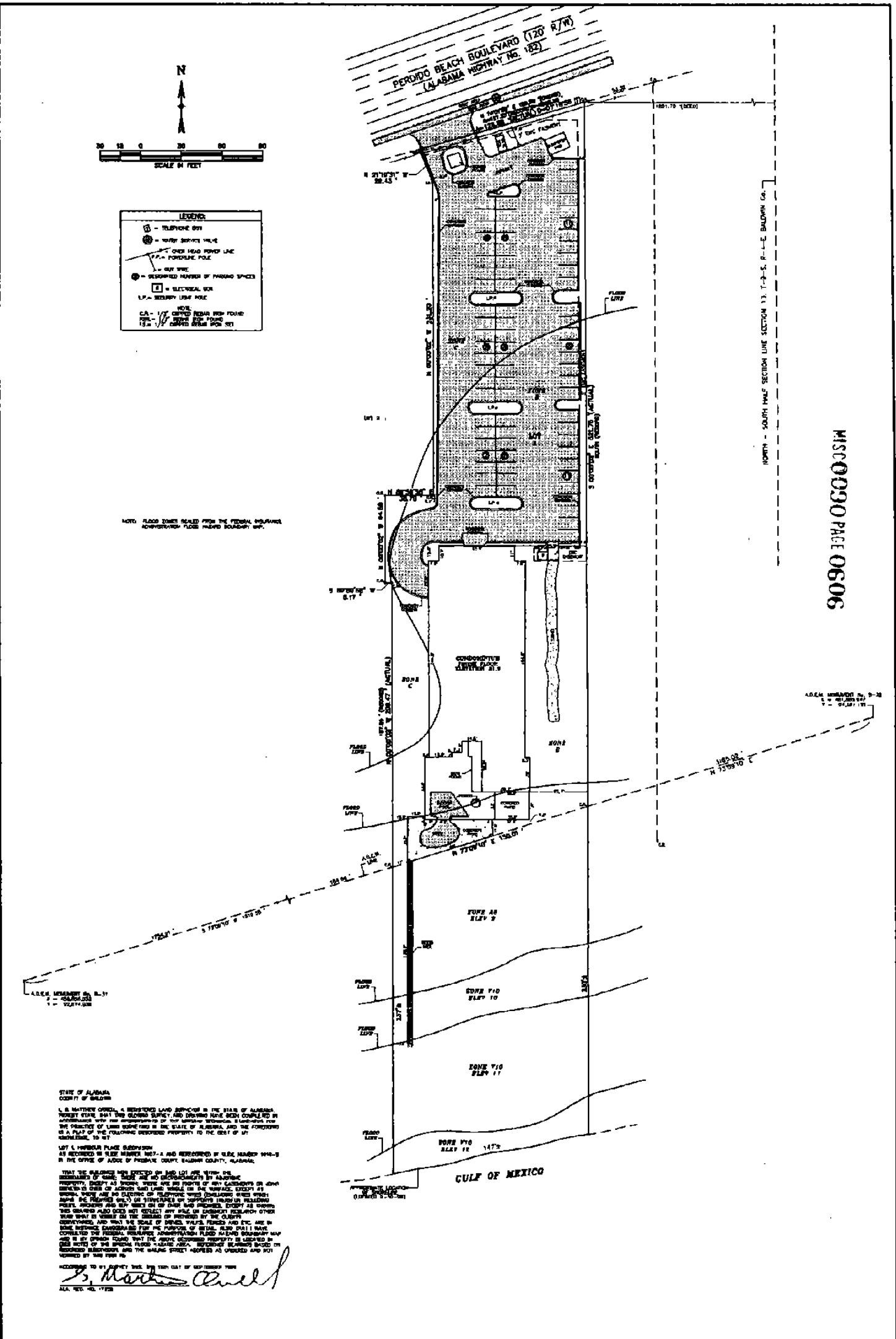
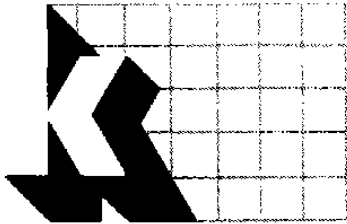


Exhibit "A"

**Charles King
Architects & Associates, Inc.**

Architecture
Planning
Interior Design



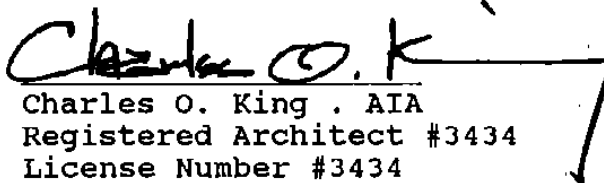
CERTIFICATION

Charles O. King . AIA
M. Arch.

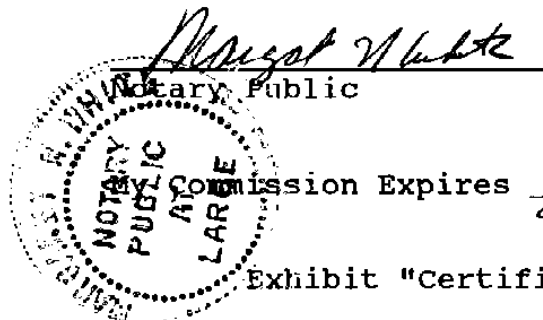
Susan D. King . AIA

Thomas M. Bartoo . AIA

I, the undersigned, Charles O. King, a registered Architect in the State of Alabama, Number 3434, hereby certify that the PLANS labeled Exhibit "Certification" pages 604 through 625, inclusive, attached to and made a part of the Declaration of Condominium of Harbour Place, a Condominium, show the layout, location, Unit numbers and dimensions of the Units and the improvements. I further certify that the PLANS show the dimensions of the improvements and the units and that the improvements shown on the PLANS are substantially complete. I further certify that to the best of my knowledge and belief, the PLANS contain all of the information required by Section 35 8A 209 CODE OF ALABAMA, (1975).


Charles O. King . AIA
Registered Architect #3434
License Number #3434

Date September 18, 1996
Subscribed and sworn to before me
this 18th day of September, 1996.



P.O. Box 4009
Chattanooga . TN 37405
423 267 . 2464
Fax 423 267 . 2467

Exhibit "Certification:", Page 1

Exhibit "B"

MISC0090 PAGE 0607

Certificate of Occupancy

City of Orange Beach

Department of Building Inspection

This Certificate issued pursuant to the requirements of the Standard Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances of the Jurisdiction regulating building construction or use. For the following:

Use Classification Residential Bldg. Permit No. 1866
 Group R Type Construction IV Fire District _____
 Owner of Building Harbour Place Address _____
 Building Address 23094 Perdido Bch Blvd Locality Lot 1 Harbour Plasse S/D
 By [Signature]
 Building Official Date: 09-17-96

POST IN A CONSPICUOUS PLACE

Harbour Place Condo

HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

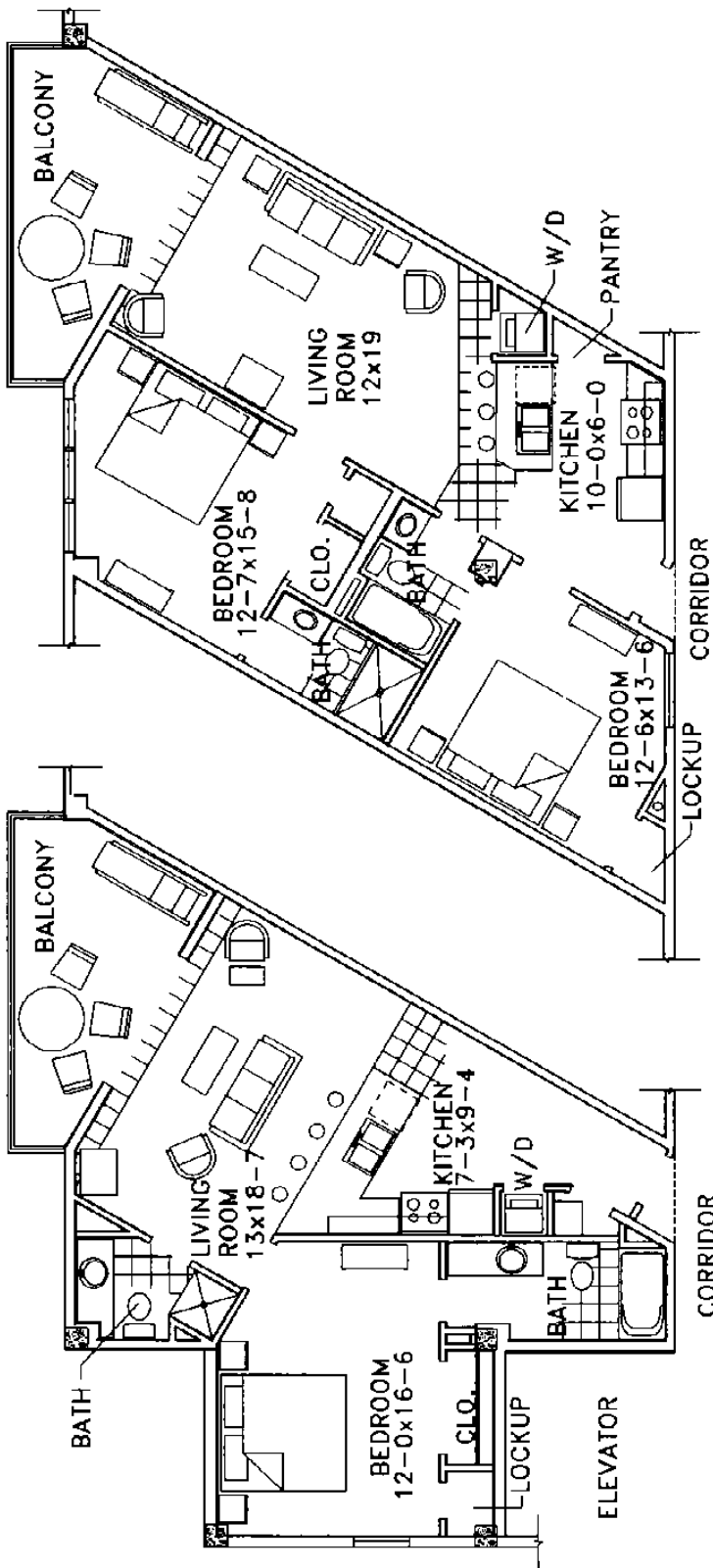
ONE

Charles King
Architects
& Associates, Inc.

1206 Market St., #28

Chesapeake, VA 22804

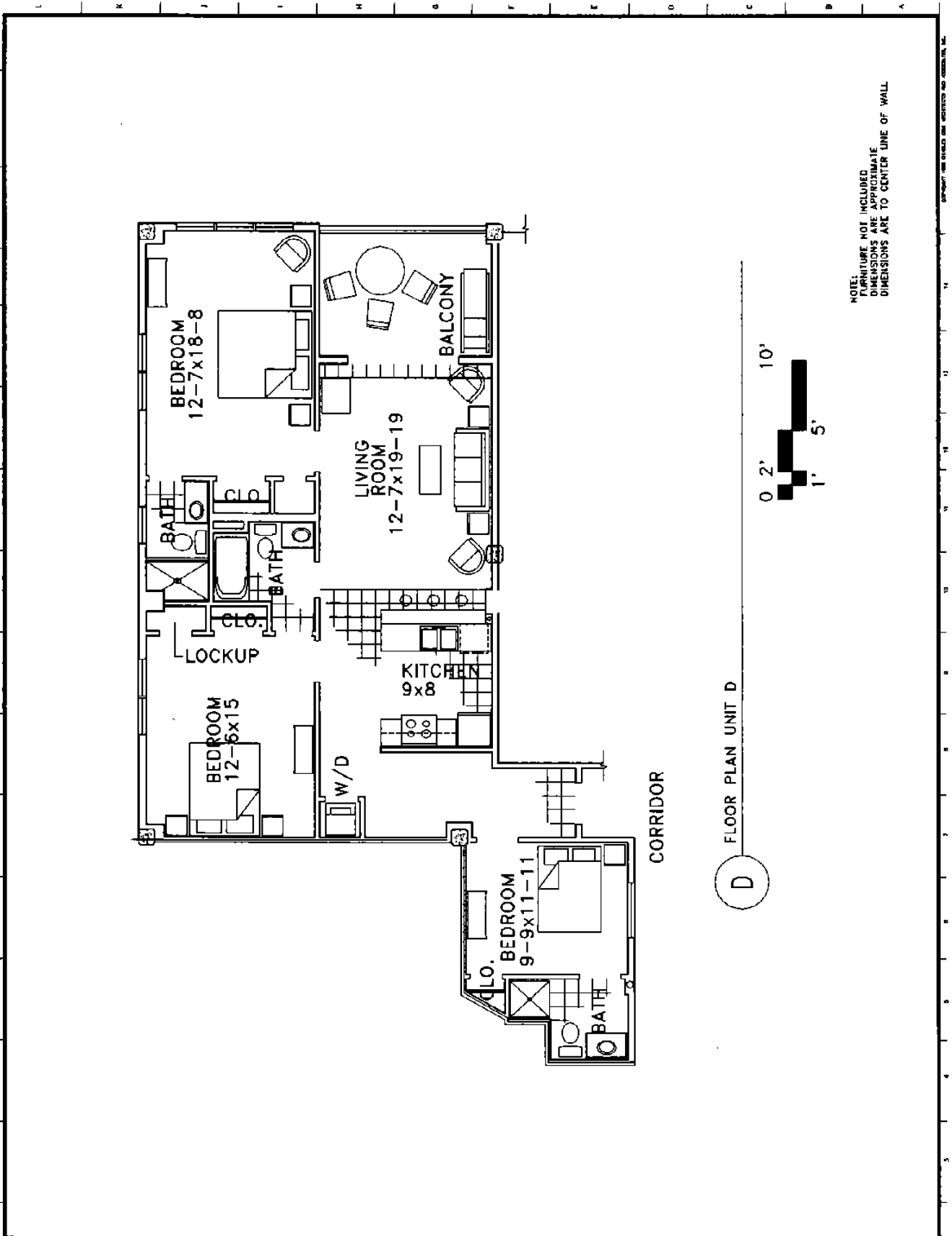
(410) 527-2404 Fax: (410) 527-2407



NOTE:
DIMENSIONS NOT INCLUDED
ARE APPROXIMATE
DIMENSIONS ARE TO CENTER LINE OF WALL

FLOOR PLAN UNIT B

FLOOR PLAN UNIT A



NOTE:
FURNITURE NOT INCLUDED
DIMENSIONS ARE APPROXIMATE
DIMENSIONS ARE TO CENTER LINE OF WALL



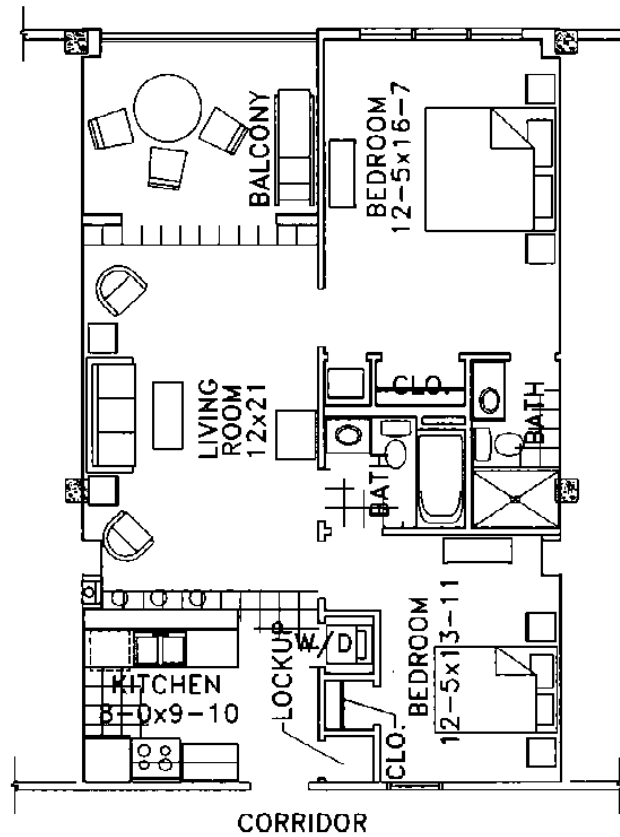
D FLOOR PLAN UNIT D

HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

**Charles King
Architects
& Associates, Inc.**

1204 Market St. 225
Orange Beach, TN 37448
(615) 267-2404 FAX (615) 267-2403



NOTE:
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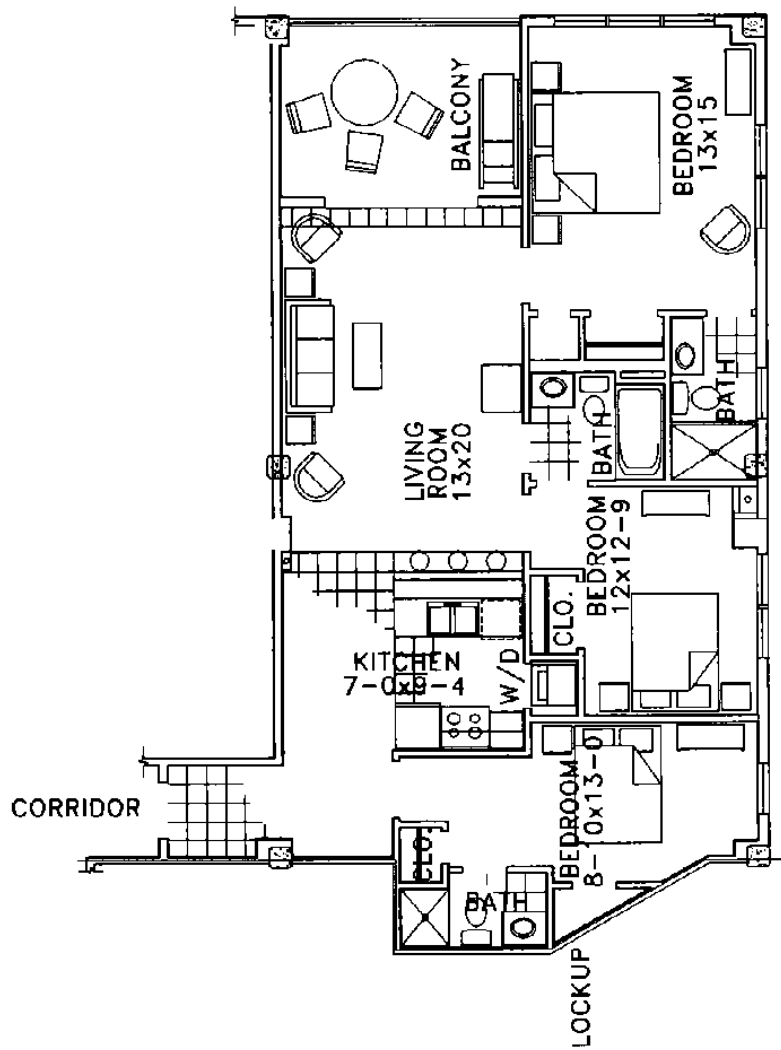
FLOOR PLAN UNIT E

HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

THREE

Charles King
Architects
& Associates, Inc.

1206 Market St. #28
Charlottesville, VA 22902
(615) 287-1484 FAX (615) 287-1487



F FLOOR PLAN UNIT F



NOTE:
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DIMENSIONS ARE TO CENTER LINE OF WALL

HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

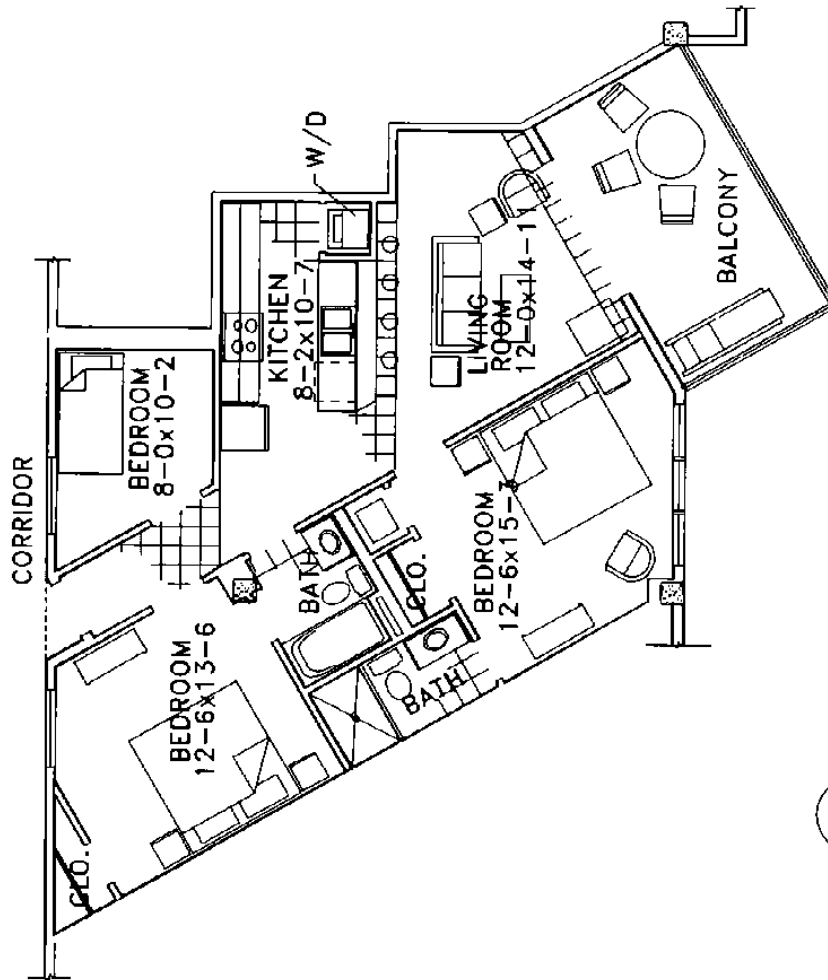
FOUR

**Charles King
Architects
& Associates, Inc.**
1204 Market St. 225
Charlottesville, VA 22902
(813) 287-2144 Fax: (813) 287-1407

HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

FIVE	Charles King
	Architects
	& Associates, Inc.
	1200 Market St. #25 Orange Beach, FL 32466 (915) 287-2704 FAX: (915) 287-2705



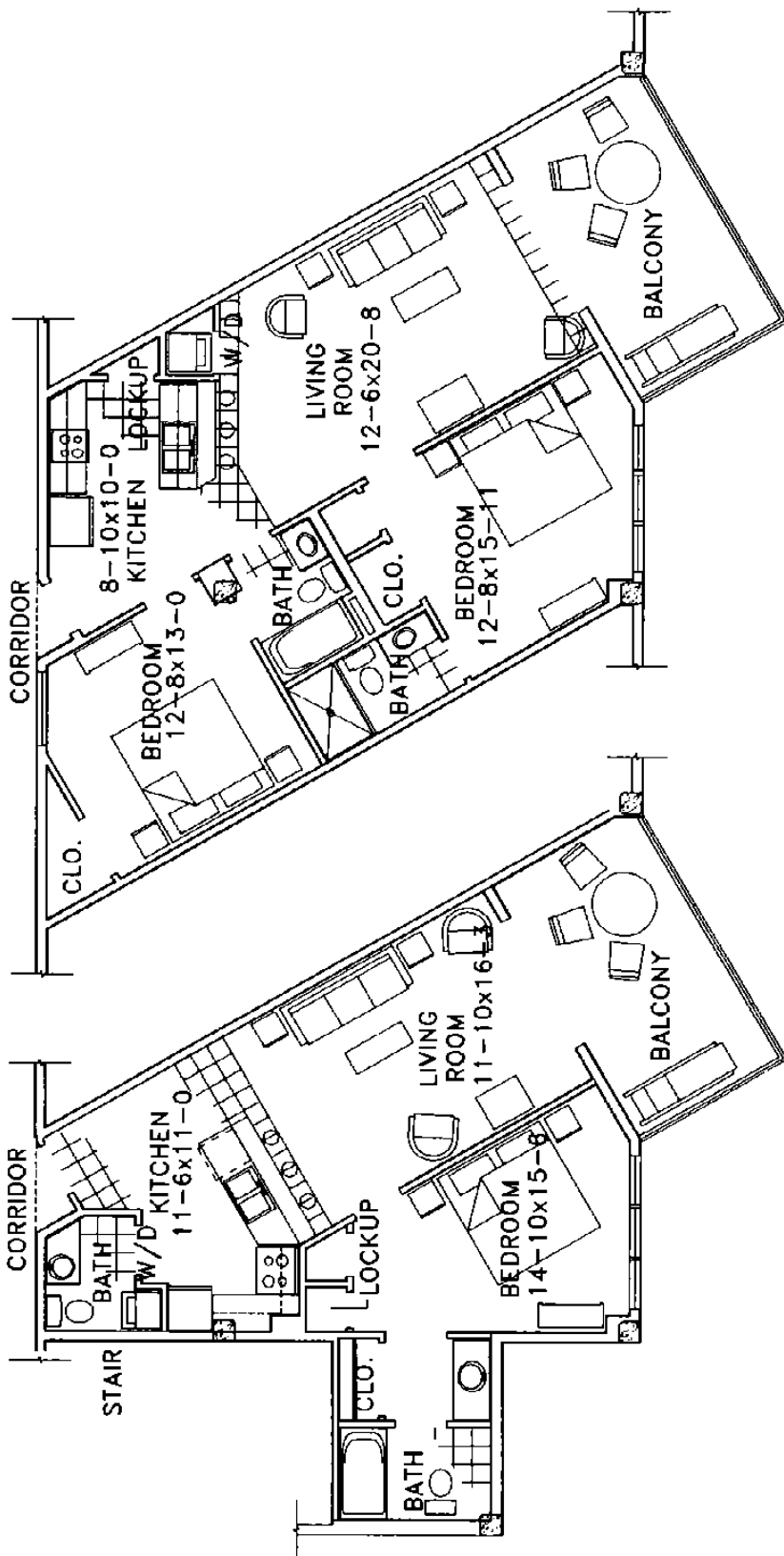
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NOTE:
FURNITURE NOT INCLUDED
DIMENSIONS ARE APPROXIMATE
DIMENSIONS ARE TO CENTER LINE OF WALL

HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

<div> <div>SIX</div> </div>	Charles King
	Architects
	& Associates, Inc.
	1204 Market St. #26 Chattanooga, TN 37402 (615) 267-7464 FAX (615) 267-2467



FLOOR PLAN UNIT H

FLOOR PLAN UNIT BR

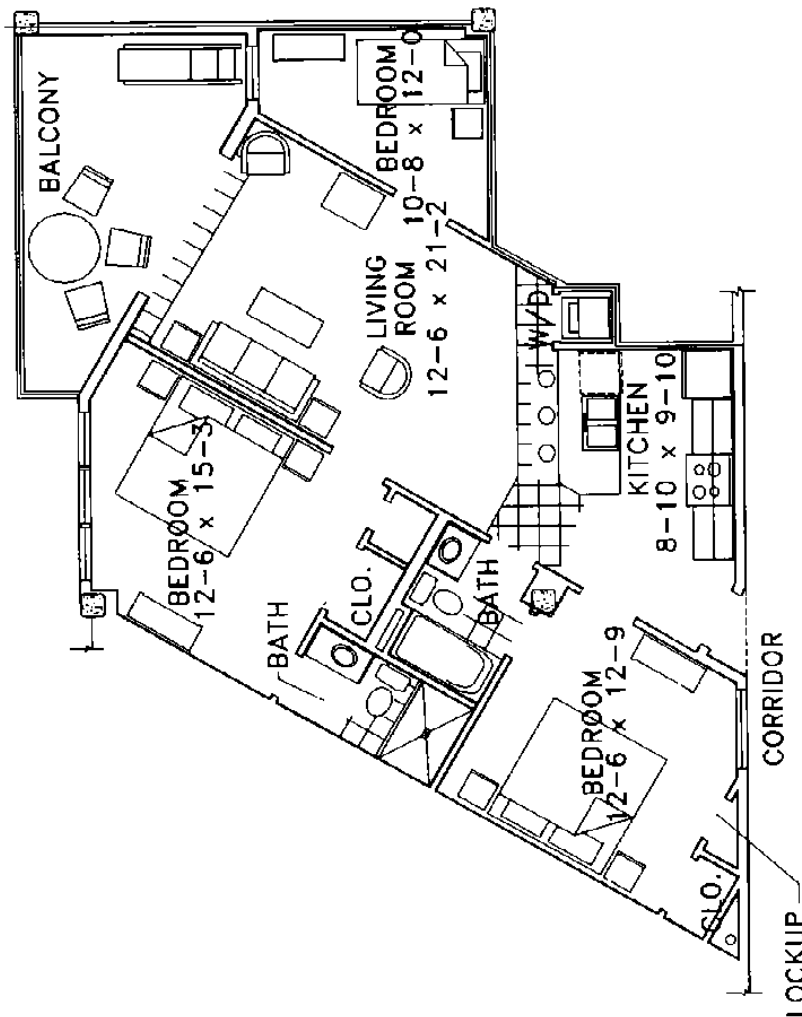
NOTE:
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DIMENSIONS ARE APPROXIMATE
DIMENSIONS ARE TO CENTER LINE OF WALL

HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

SEVEN

		Charles King	
		Architects	
		& Associates, Inc.	
		1206 Market St. #25	
		Chattanooga, TN 37402	
		(615) 267-2464 FAX (615) 267-4497	



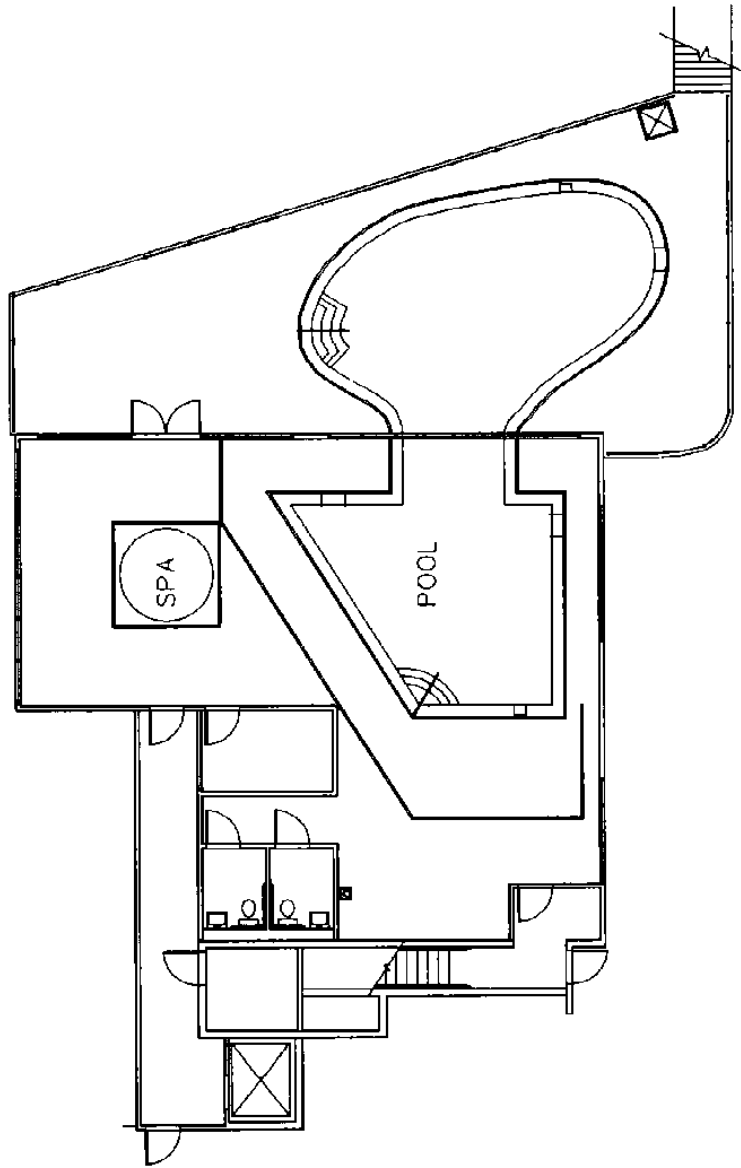
FLOOR PLAN UNIT C

C



NOTE:
FURNITURE NOT INCLUDED
DIMENSIONS ARE APPROXIMATE
DIMENSIONS ARE TO CENTER LINE OF WALL

W100030 P101 0615



1 ENLARGED POOL AREA PLAN



MS100090 PAGE 0616

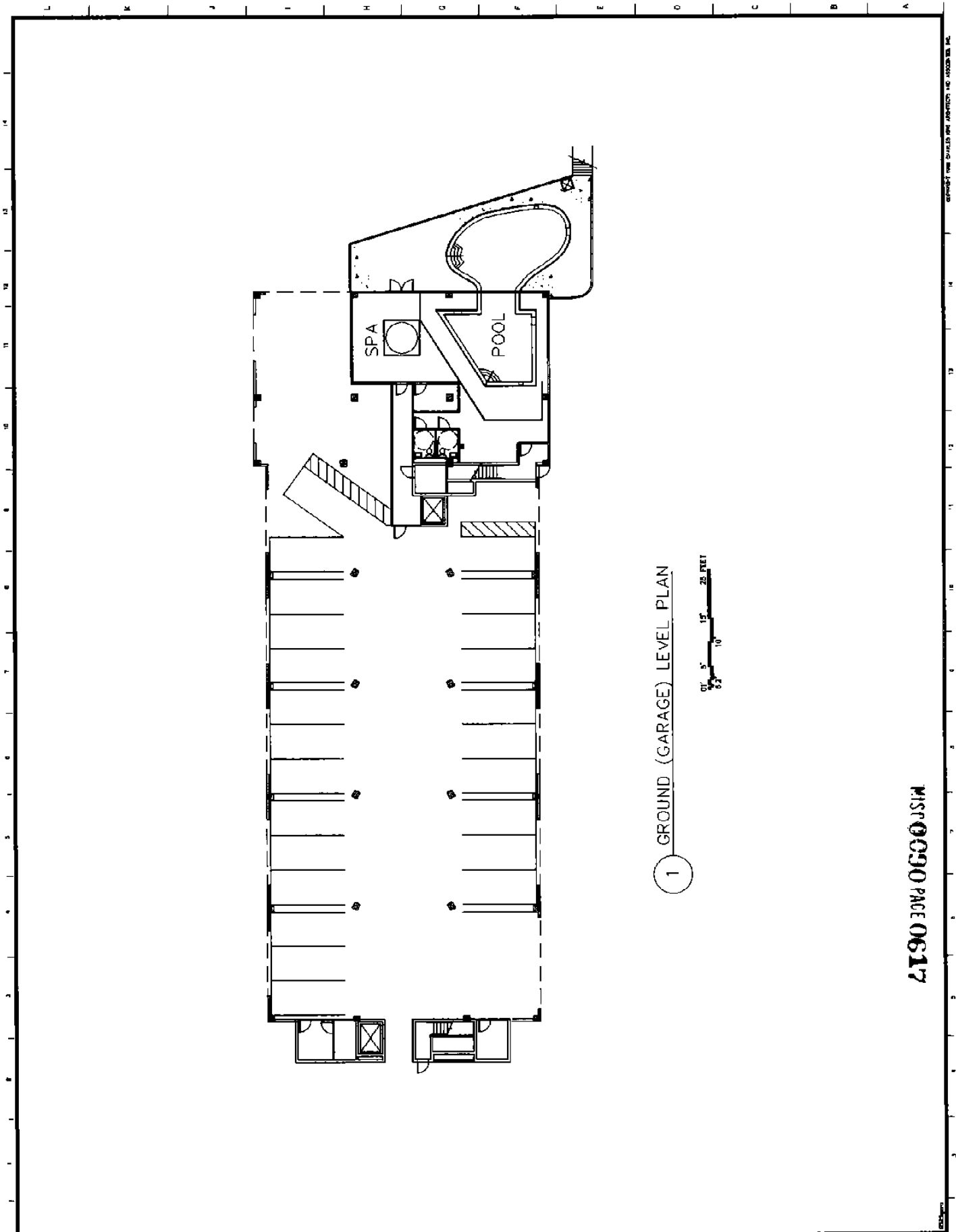
HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

EIGHT

**Charles King
Architects
& Associates, Inc.**

1206 Market St. #25
Charlottesville, VA 22902
(813) 267-2464 FAX: (813) 267-1467



MISC 0030 PAGE 0617

HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

NINE

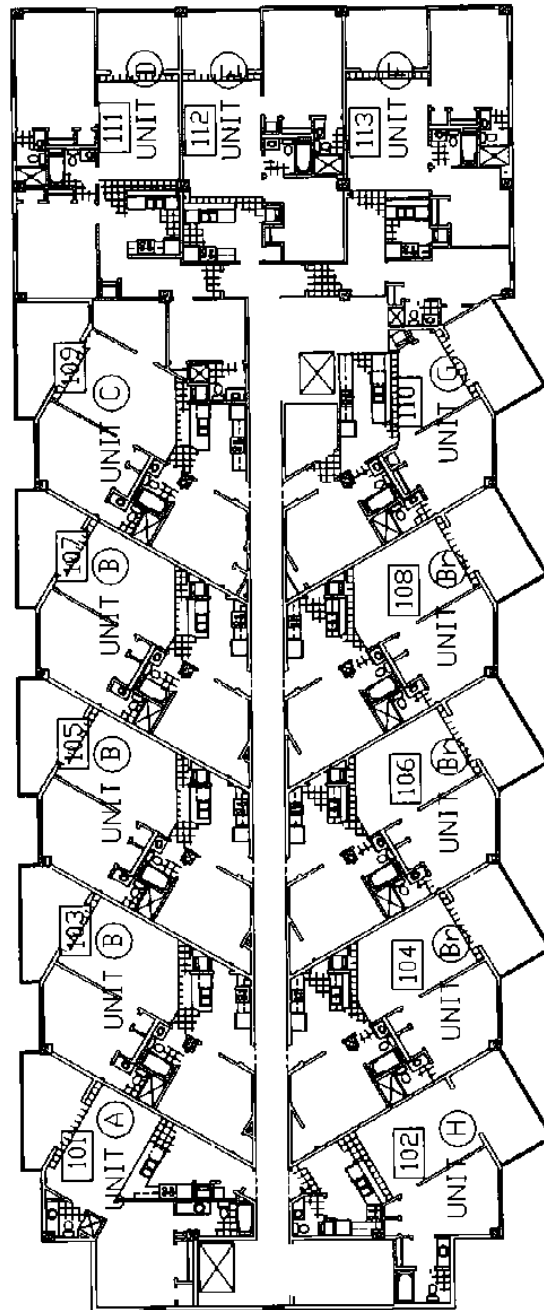
**Charles King
Architects
& Associates, Inc.**

1206 Market St. #25
Charlottesville, TN 37442
(615) 647-2464 FAX (615) 297-3467

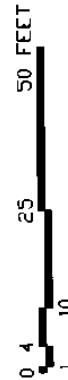
HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

TEN	Charles King	
	Architects	
	& Associates, Inc.	
	1206 Market St. #25 Orange Beach, FL 32462 (913) 207-2404 FAX (913) 207-2407	



1 FIRST FLOOR PLAN



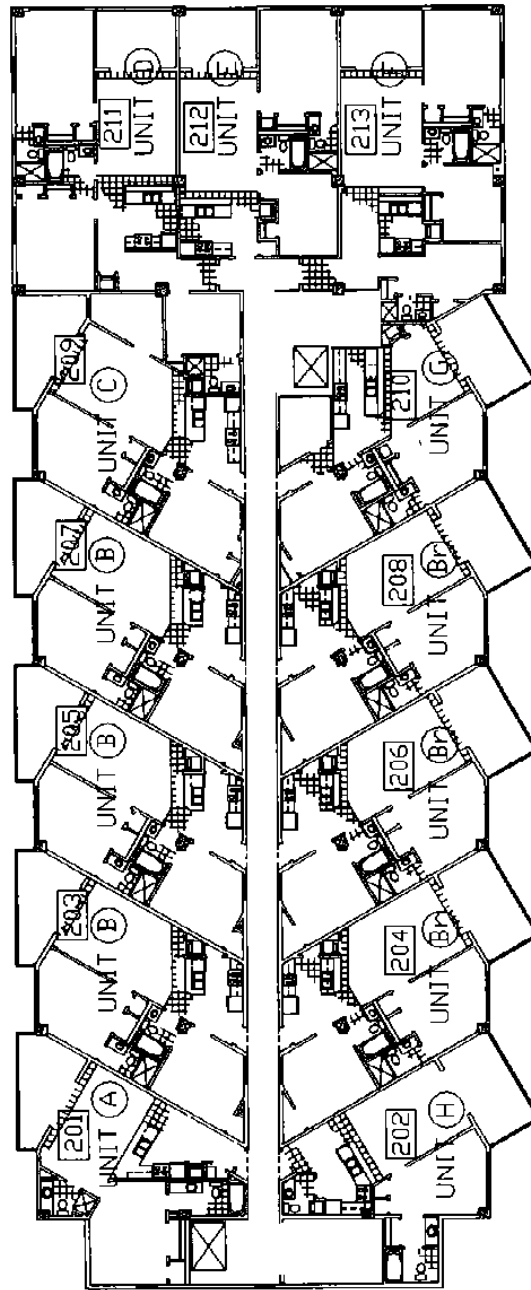
WISC0090 PAGE 0618

HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama



Charles King
Architects
& Associates, Inc.
1206 Market BL #25
Gulfport, TN 37402
(615) 267-2404 FAX: (615) 267-2407



1 SECOND FLOOR PLAN

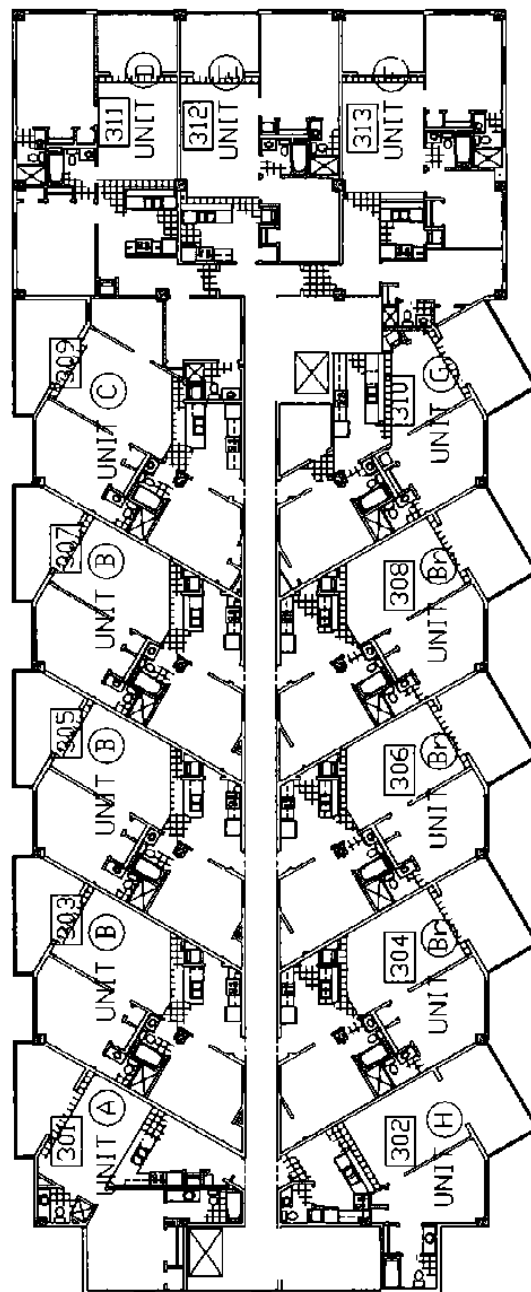


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HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

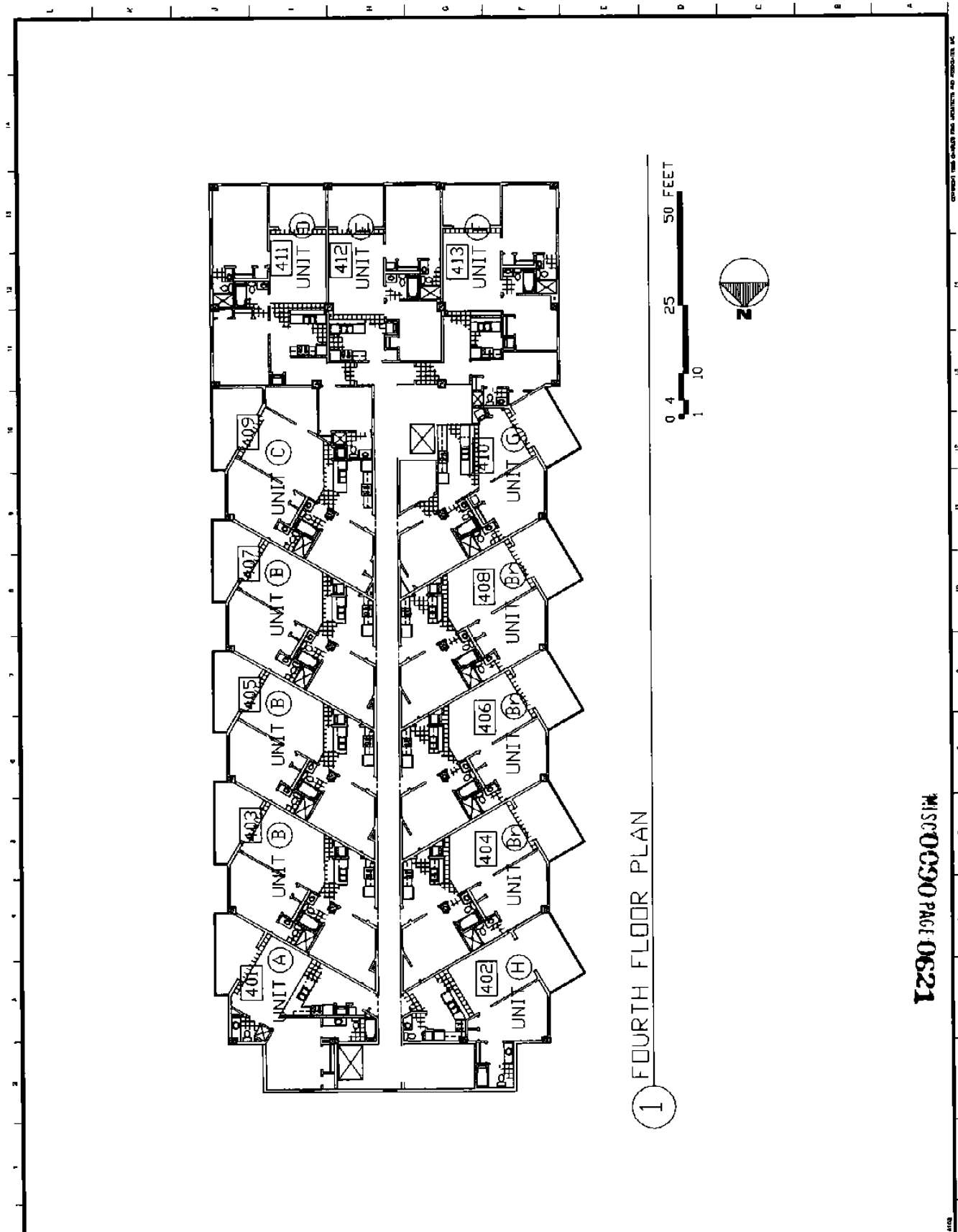
TWELVE	Charles King	
	Architects	
	& Associates, Inc.	
	1206 Market St. #26	
	Charlottesville, VA 22902	
	(813) 287-2444 FAX (813) 287-4407	



1 THIRD FLOOR PLAN



MISC 00690 PAGE 0620



HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

**Charles King
Architects
& Associates, Inc.**

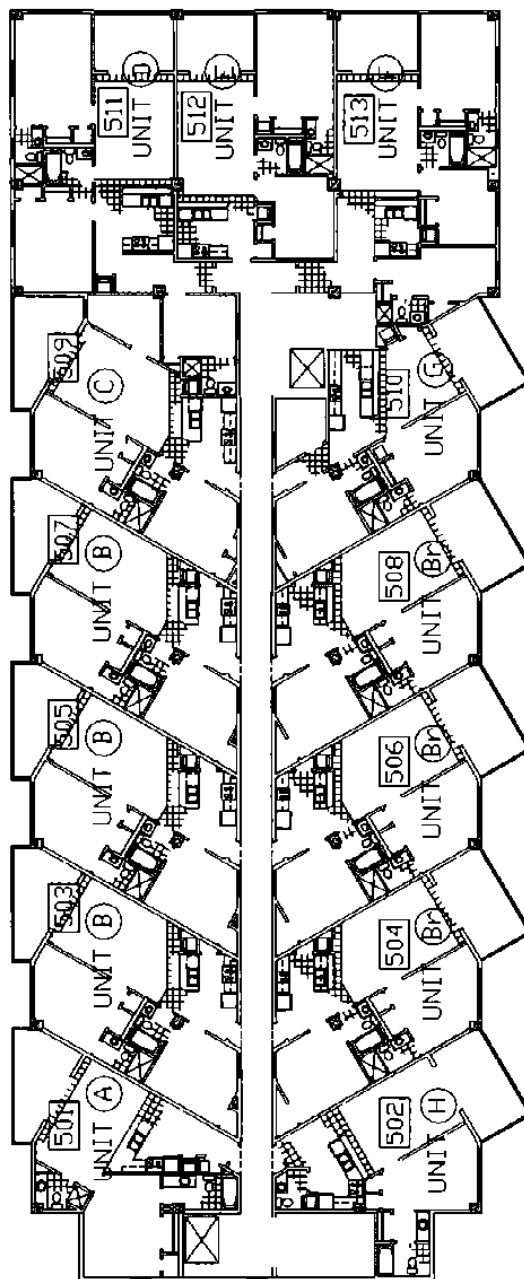
1204 Market St. #25
Chattanooga, TN 37402
(615) 267-2444 FAX (615) 267-2447

MISC 00090 PAGE 0621

HARBOUR PLACE CONDOMINIUMS

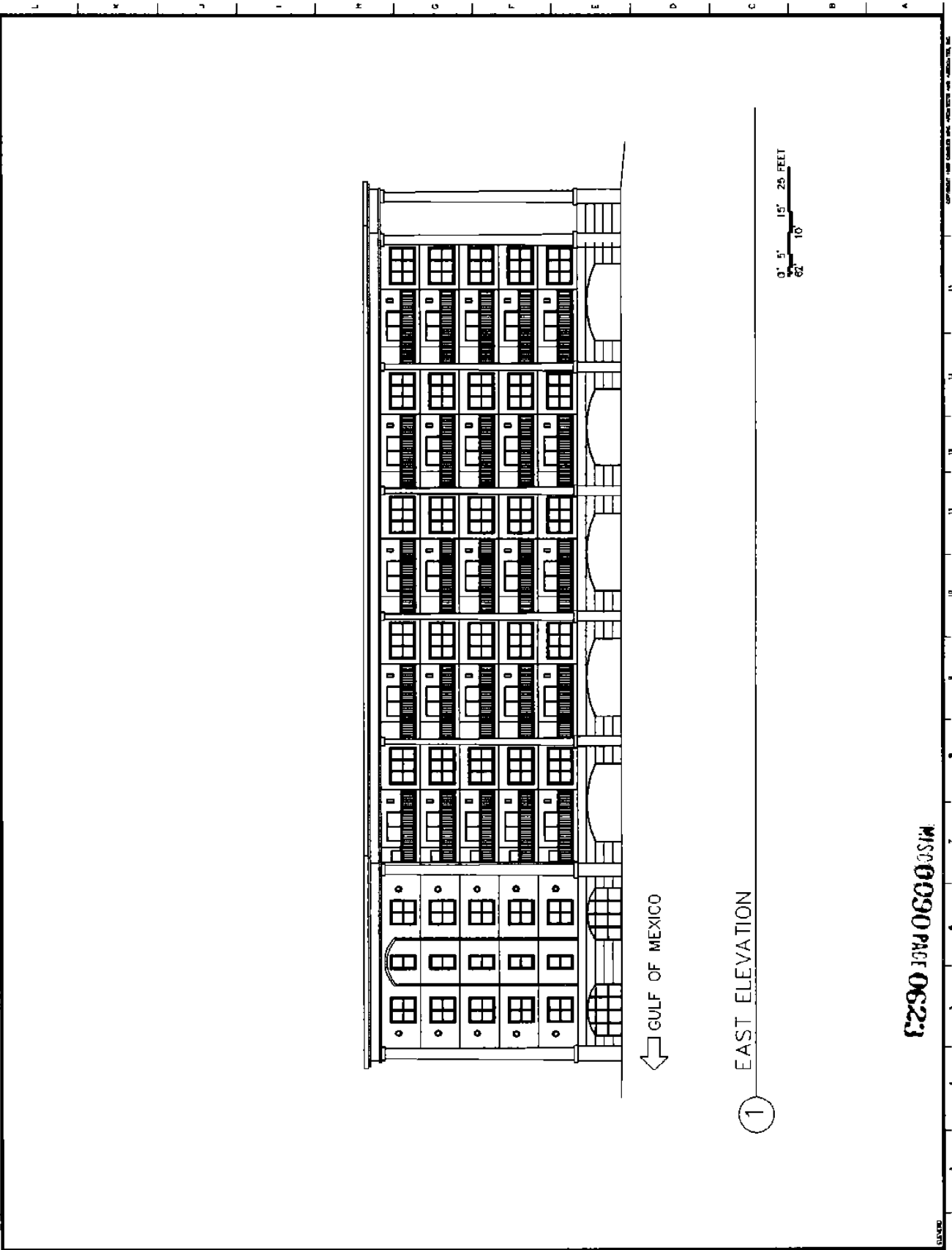
Orange Beach, Alabama

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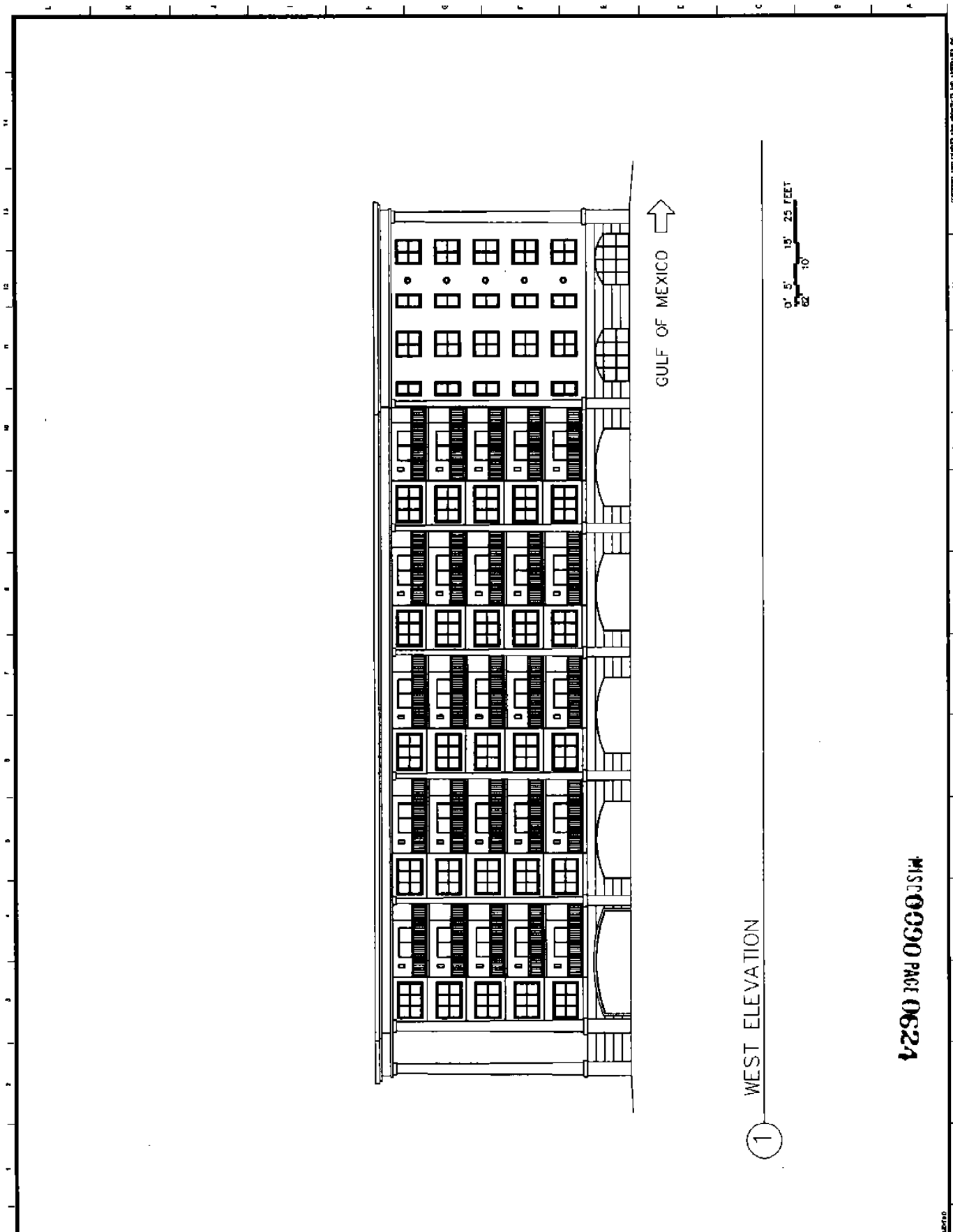
<div> <div>FOURTEEN</div> </div>	Charles King			
	Architects			
	& Associates, Inc.			
	1206 Market St. #25			
	Chattanooga, TN 37402			
	(615) 267-2404 FAX (615) 267-2407			



HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

FIFTEEN	Charles King		
	Architects		
	& Associates, Inc.		
	1204 Market St. #25		
	Chattanooga, TN 37402		
	(615) 257-2404 FAX (615) 257-2407		

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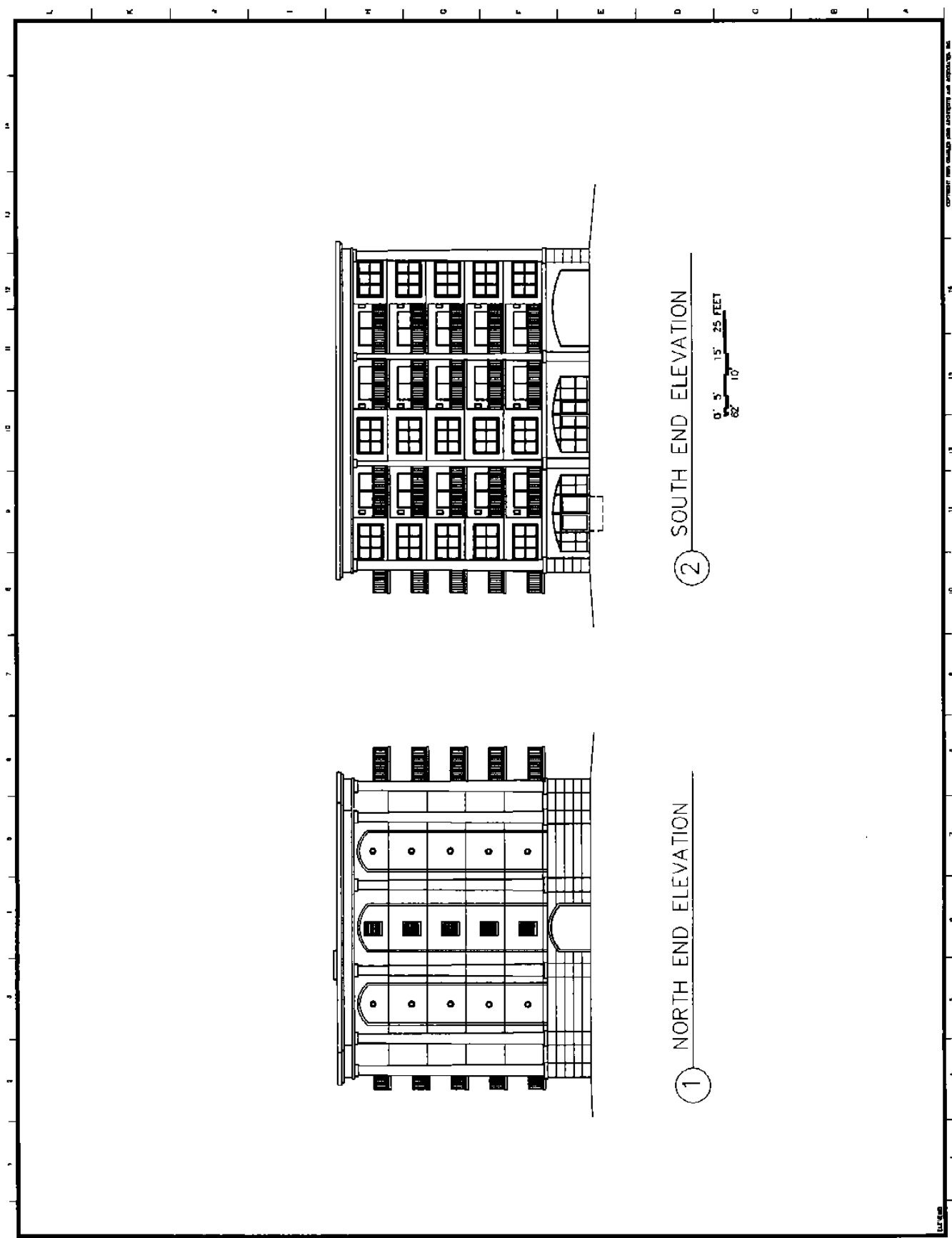
HARBOUR PLACE CONDOMINIUMS

Orange Beach, Alabama

SIXTEEN



Charles King	
Architects	
& Associates, Inc.	
1206 Market St. #25	
Gulf Breeze, FL 32561	
(904) 247-3444	FAX (904) 247-3447



HARBOUR PLACE CONDOMINIUMS Orange Beach, Alabama

SEVENTEEN

Charles King
Architects
& Associates, Inc.
1206 Market St. #25
Chattanooga, TN 37402
(615) 267-2404 FAX (615) 267-3407

WISC0090 P&I 0625

BY-LAWS
OF
HARBOUR PLACE CONDOMINIUM OWNERS
ASSOCIATION, INC.

ARTICLE I
PURPOSE AND APPLICATION

1.01. Purpose and Application. The following are the By-Laws of HARBOUR PLACE CONDOMINIUM OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association," a not for profit corporation, organized pursuant to the Alabama Nonprofit Corporation Act, Section 10-3A-1 et. seq. Code of Alabama (1975), and the Alabama Uniform Condominium Act of 1991, Section 35-8A-101 et. seq., Code of Alabama (1975), formed for the purpose of managing and operating a certain condominium located in Baldwin County, Alabama, known as HARBOUR PLACE CONDOMINIUMS, a condominium, hereinafter referred to as the "Condominium."

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

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

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

ARTICLE II
PRINCIPAL OFFICE AND AGENT

2.01. Principal Office. The principal office of the Association shall be at 136 Cove Avenue, Gulf Shores AL 36547, or at such other place as may be designated subsequently by the Board of Directors or as the

Exhibit "C"

business of the corporation may require. All books and records of the Association shall be kept at its principal office.

2.02. Principal Agent. The initial principal agent of the Association at such office shall be Jule R. Herbert Jr., Attorney at Law, whose mailing address is Post Office Drawer 3889, Gulf Shores AL 36547.

ARTICLE III DEFINITIONS

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

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

ARTICLES IV MEMBERSHIP

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

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

4.03. Succession. The membership of each Unit Owner shall automatically terminate on the conveyance, transfer, or other disposition of a Unit Owner's interest in the Unit. The Unit Owner's membership shall automatically be transferred to the new Unit Owner succeeding to such ownership interest. On the conveyance, transfer, or other disposition of a portion of a Unit Owner's interest in a Unit, the transferring Unit Owner and the transferee shall each be members of the Association in accordance with the ownership interest of each following such conveyance or transfer.

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

ARTICLE V
MEETINGS OF MEMBERS

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

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

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

5.04. Waiver of Notice. Any Member or mortgagee may waive the right to receive notice of the annual meeting by sending a written waiver to the Board of Directors. Notice of specific meetings may be

waived before or after the meeting, orally or in writing. Attendance by a Member at an annual or special meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

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

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

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

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

- Call to Order
- Calling of the roll and certifying of proxies
- Proof of notice of meeting or waiver of notice
- Reading and disposal of any unapproved minutes
- Reports of officers
- Reports of committees
- Election of Directors
- Unfinished business
- New business

Adjournment

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

5.10. Proviso. Provided, however, the Developer shall retain control of the Association in accordance with the terms and conditions of the Declaration.

ARTICLE VI
MEMBER'S VOTING RIGHTS

6.01. Number of Votes. The number of votes to which each Unit is entitled is provided in the Declaration. The votes of a Unit shall not be divisible.

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

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

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

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

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

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

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

6.06. Conditional Proxy. The granting of a mortgage on a Unit by its owner(s) shall be construed as conferring upon the mortgagee a conditional proxy to cast the vote or votes attributable to such Unit at any regular or special meeting of the Association. The condition of such proxy shall be notice by such mortgagee to the Association, in writing, of its intent to exercise the conditional proxy rights granted to it, as mortgagee, by the terms of this subparagraph. In the absence of such written notice, the Association shall be entitled to recognize the Unit Owner(s) votes attributable to their unit. However, once such written notice is received by the Association, the mortgagee's right to cast the vote or votes attributable to that unit shall be recognized by the Association until the mortgagee withdraws its intent to cast such votes, in writing, or until the mortgage is paid in full and satisfied of record, whichever first occurs.

ARTICLE VII BOARD OF DIRECTORS

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

7.02. Qualification. Except for Directors appointed by the Developer, each Director shall be a Unit Owner. If a Unit Owner is a trust, then the beneficiary of the trust may be a Director; and if a Unit Owner is a corporation or partnership, then an officer, partner, or employee of such Unit Owner may be a Director. If a Director shall cease to meet such qualifications during his term, he shall cease to be a Director and his place on the Board shall be deemed vacant.

7.03. Appointment by Developer. The initial Board of directors, as well as successor Directors, shall be appointed by the Developer/Declarant, and may be removed by the Developer/Declarant at any time. The

Developer/Declarant shall have the right to appoint and remove Directors in accordance with the terms of the Declaration. The Directors appointed by the Developer need not be Unit Owners.

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

7.05. Initial Election of Directors. At such time as the Unit Owners are entitled to elect one or more Directors, in accordance with the terms of the Act, the Association shall call a meeting of the Members to elect the Director. The Association shall give not less than ten (10) days nor more than fifty (50) days notice of the meeting to each Member. The meeting may be called and the notice may be given by any Unit Owner if the Association fails to do so. The election shall be conducted in the manner specified in Paragraph 7.06.

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

7.07. Term. Each Director elected by the Members shall hold office until the next annual meeting of Members, and until his successor shall be elected and qualified, or until he resigns or is removed in any manner provided elsewhere herein. Each Director appointed by the Developer shall hold office until he resigns, is removed by the Developer, or his term expires as provided for herein and in the Declaration.

7.08. Vacancies. Any vacancy in the position of a Director elected by the Members of the Association shall be filled by a majority vote of the remaining Directors, and any Director so elected shall hold office for a term equal to the unexpired term of the Director whom he succeeds. Any vacancy in the position of a Director appointed by the Developer shall be filled by the Developer, except as provided in the Act.

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

7.10. Compensation. A Director shall not receive any compensation for any service he may render to the Association as a Director; provided, however, that any Director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

7.11. Proviso. Provided, however, the Developer shall retain control of the Association in accordance with the terms and conditions of the Declaration.

ARTICLE VIII MEETINGS OF DIRECTORS

8.01. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at such place, and at such time and date as the Board shall designate. Notice of the regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph, and shall be transmitted at least fourteen (14) days prior to the meeting.

8.02. Special Meetings. Special meetings of the Directors may be called by the President at any time, and must be called by the President or Secretary at the written request of a majority of the Directors. A notice of the meeting stating the time, place and purpose of the meeting shall be given to each Director, personally or by mail, telephone, or telegraph, at least three days prior to the meeting.

8.03. Open Meetings. All meetings of the Board of Directors shall be open to all members of the Association, and notice of such meetings shall be posted conspicuously on the Condominium Property at least forty-eight (48) hours prior to the meeting, except in the event of an emergency.

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

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8.05. Quorum. A quorum shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such a Director for the purpose of determining a quorum.

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

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

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

8.09. Order of Business. The order of business at Directors' meetings shall be:

- Call of Roll
- Proof of due notice of meeting
- Reading and disposal of unapproved minutes
- Reports of Officers and Committees
- Election of Officers
- Unfinished business
- New business
- Adjournment

ARTICLE IX
POWERS AND DUTIES OF THE DIRECTORS

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

- (1) To elect and remove officers of the Association as hereinafter provided.
- (2) To administer the affairs of the Association and the Condominium Property.
- (3) To maintain bank accounts on behalf of the Association and to designate signatories required therefor.
- (4) To sell, lease, mortgage, or otherwise deal with Units acquired by the Association.
- (5) To pay the cost of all taxes and utilities assessed against the Condominium that are not assessed and billed to the owners of individual Units.
- (6) To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common and Limited Common Elements, provided, however, that the consent of a least two-thirds (2/3) of the votes of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provision of these By-Laws, shall be required for the borrowing of such money.
- (7) To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Unit Owners to defray the costs, expenses, and losses for the Condominium, and to provide adequate remedies for failure to pay such assessments.
- (8) To use the proceeds of Assessments in the exercise of its powers and duties.
- (9) To maintain, repair, replace, and operate the Condominium Property, including the reasonable right of entry upon any unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

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

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

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

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

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

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

(16) To retain attorneys and accountants.

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

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

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

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

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

9.03. Managing Agent. The Board of Directors shall be authorized to employ the services of a manager or managing agent, who may either be a Director, Officer, or employee of the Association, or an independent person or firm qualified to manage the Property and affairs of the Condominium under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

ARTICLE X OFFICERS

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

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

10.03. Special Appointments. The Board may appoint 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.

10.04. Resignation and Removal. Any Officer may be removed from office either with or without cause by the vote of a majority of the Directors present at any meeting. Any Officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

10.06. Compensation. An Officer shall not receive any compensation for any service he may render to the Association as an Officer; provided, however, that any Officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

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

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

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

- (1) To perform the duties and exercise the powers of the President, in the absence or disability of the President.
- (2) To assist the President in the exercise of his powers and the performance of his duties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE XI FISCAL MANAGEMENT

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

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

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

11.04. Assessments. Assessments for Common Expenses shall be made in accordance with the Declaration, the Act, and these By-Laws. Assessments shall be collected by the Association on a monthly basis as follows: On or before the first day of each month of the fiscal year for which the Assessments are made, each Unit Owner shall pay one-twelfth (1/12th) of his share of the Common Expenses for such year as shown by the annual budget. The assessments of the Common Expenses shall be as set forth in the Declaration, but the yearly assessment for Common Expenses each Unit Owner shall be in proportion to his respective ownership interests in the Common Elements. The Board of Directors may cause to be sent to each Unit Owner, on or before the first day of each month, a statement of the monthly Assessment. However, the failure to send or

receive such monthly statement shall not relieve the Unit Owner of his obligation to make timely payment of the monthly Assessment. If the Board shall not approve an annual budget or shall fail to determine new monthly Assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay the amount of his monthly Assessment as last determined. No Unit Owner shall be relieved of his obligation to pay his Assessment by abandonment of his Unit or lack of use of the Common or Limited Common Elements. The collection for assessments shall begin at such time as the First unit is conveyed by the Developer.

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

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

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

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

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

11.10. Default.

(1) In the event an owner of a unit does not pay any sums, charges or assessments required to be paid to the Association within thirty (30) days from the due date, the Association may foreclose the lien encumbering the unit created by non-payment of the required moneys in the same fashion as mortgage liens on real estate are foreclosed; provided that thirty (30) days prior notice of the intention to foreclose shall be mailed, postage prepaid, to the Unit Owner and to all persons having a mortgage lien or other interest of record. The Association shall be entitled to the appointment of a Receiver, if it so requests. The Association shall have the right to bid in the unit at a foreclosure sale and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment, brought by or on behalf of the Association against a Unit Owner, and the losing defendant shall pay the cost thereof, together with a reasonable attorney's fee.

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

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

11.12. Annual Statement. Within Sixty (60) days after the end of each fiscal year, the Board shall cause to be furnished to each Unit Owner, a statement for the year so

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

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

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

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

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

(a) Any condemnation or casualty loss that affects either a material portion of the Project or the Unit securing its mortgage.

(b) Any 60-day delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage.

(c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owner's Association.

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

ARTICLE XII OWNER OBLIGATIONS AND COVENANTS

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

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

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

ARTICLE XIII

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RULES AND REGULATIONS

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

ARTICLE XIV AMENDMENTS TO THE BY-LAWS

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

14.02. Adoption. Except in the cases where this document may be amended by Developer/Declarant under the terms hereof or the Act, By-Laws may be altered, amended, or repealed or new By-Laws may be adopted by the affirmative vote or agreement of Unit Owners or Units to which at least sixty seven percent (67%) of the votes in the Association are allocated. In addition, amendments of a material nature (as defined below) must be agreed to by eligible mortgage holders (as defined below) who represent at least 51% of the votes of unit estates that are subject to mortgages held by eligible holders. Eligible mortgage holders are those holders of a first mortgage on a unit estate who have submitted a written request that the Owners' Association notify them on any proposed action requiring the consent of a specific percentage of eligible mortgage holders. Amendments of a material nature include a change to any of the provisions governing the following:

- voting rights;
- increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- reductions in reserves for maintenance, repair, and replacement of common elements;
- responsibility for maintenance and repairs;
- reallocation of interests in the general or limited common elements, or rights to their use;

- redefinition of any unit boundaries;
- convertibility of units into common elements or vice versa;
- Expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
- hazard or fidelity insurance requirements;
- imposition of any restrictions on the leasing of units;
- imposition of any restrictions on a unit owner's right to sell or transfer his or her unit;
- a decision by the owners' association of a project that consists of 50 or more units to establish self-management if professional management had been required previously by the project documents or by an eligible mortgage holder;
- restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the documents; or
- any provisions that expressly benefit mortgage holders, insurers, or guarantors.

Implied consent and approval may be assumed when an eligible mortgage holder fails to submit a response to any written proposal for an amendment within 30 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

14.03. Prohibited Amendments. No amendment may be adopted that would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges, or priorities granted to the Developer without the consent of the Developer. No amendment that is in conflict with the Articles, the Declaration, or the Act shall be adopted.

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

ARTICLE XV
MISCELLANEOUS

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

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

15.03. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, the Declaration, or these By-Laws.

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

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

I certify that the above set out first set of By-Laws of Harbour Place Condominium Owners Association Inc., were adopted by the Board of Directors in accordance with the provisions of applicable law on this the 20th day of September, 1996..

Melinda C. Harlan
Secretary

THIS INSTRUMENT PREPARED BY:
Jule R. Herbert Jr.
Jule R. Herbert Jr., P. C.
Attorney at Law
P O Drawer 3889
Gulf Shores AL 36547
(334) 968-4764

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EXHIBIT "D"

HARBOUR PLACE CONDOMINIUM

OWNERSHIP OF COMMON UNITS

Respective ownership interest in common and limited common elements, which is subject to change as additional phases, if any, are added:

Per Unit of each Unit Type:

Unit A: .0128632

Unit B and Br: .0148003

Unit C: .0164146

Unit D: .0210365

Unit E: .0147833

Unit F: .0189464

Unit G: .015429

Unit H: .0117247

EXHIBIT "E"

HARBOUR PLACE PROPERTY OWNERS ASSOCIATION, INC.

**1996-1997 PROJECTED OPERATING BUDGET
(Assumes 100% Occupancy)**

PROJECTED FIRST YEAR EXPENSES:

ADMINISTRATIVE:

Insurance	\$24,000.00
Management Fee	9,600.00
Office Supplies	200.00
Postage	250.00
Stationary and Printing	250.00
Professional Fees	1,700.00

PAYROLL EXPENSE:

Building Maintenance Payroll	12,000.00
Grounds Maintenance Payroll	16,000.00

MAINTENANCE EXPENSES:

Common Area Maintenance	3,375.00
Elevator Maintenance	5,000.00
Exterminator	2,500.00
Waste Collection	6,700.00
Repairs & Maintenance	3,750.00
Reserve & Contingency	6,000.00
Supplies - Grounds Maintenance	2,500.00
Supplies - Pool Maintenance	4,000.00
* Alarm/Fire Pump Maintenance	
* Diesel Generator Maintenance	

UTILITY EXPENSE:

Cable Television	4,500.00
Elevator Telephones	300.00
Baldwin County EMC (Electric)	8,000.00

EXHIBIT "E" CONTINUATION PAGE

Orange Beach Water	18,200.00
Sewer System	20,000.00
Gas Heated Pool	5,500.00

TOTAL EXPENSES	\$153,875.00
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* Included in repairs & maintenance

PROJECTED MONTHLY PROPORTIONATE SHARE OF EXPENSES:

These figures are calculated based on the fractional percentages of common ownership of each unit type as set out in the Declaration. The estimated Common Expense has been made by the Developer and is believed to be reasonably accurate as of the time it was made. However no warranty or guarantee is intended.

Unit type A:	\$165
Unit type B:	\$189
Unit type Br:	\$189
Unit type C:	\$210
Unit type D:	\$269
Unit type E:	\$190
Unit type F:	\$243
Unit type G:	\$197
Unit type H:	\$150

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