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DECLARATION OF CONDOMINIUM
OF
ALABAMA SANDS CONDOMINIUM, a CONDOMINIUM

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JUDGE OF PROBATE

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STATE OF ALABAMA)
COUNTY OF BALDWIN)

DECLARATION OF CONDOMINIUM
OF
ALABAMA SANDS CONDOMINIUM, a CONDOMINIUM

This Declaration is made and entered into this 17th day of July, 1997, by ALABAMA SANDS DEVELOPMENT, INC., hereinafter referred to as the "Declarant", for itself, and for its heirs successors, grantees, and assigns, for the purpose of creating a condominium and establishing certain easements, covenants, and restrictions to run with the land.

RECITALS

The Declarant is the fee simple owner of certain real estate described in Article IV below, and located in the City of Gulf Shores, County of Baldwin, State of Alabama, hereinafter referred to as the "Parcel."

The Declarant intends to and does hereby submit the Parcel together with all buildings, structures, improvements, and other permanent fixtures thereon, and all rights and privileges belonging or in any way pertaining thereto, to the provisions of the Alabama Uniform Condominium Act of 1991, §§ 35-8A-101, et. seq. Code of Alabama 1975. The Condominium shall be known as ALABAMA SANDS CONDOMINIUM, a condominium.

The Declarant further desires to establish for his own benefit and for the mutual benefit of all future owners or occupants of the Parcel or any part thereof, a condominium form of ownership; and intends that all future owners, occupants,

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mortgagees, and any other persons hereinafter acquiring an interest in the Parcel shall hold that interest subject to certain rights, easements, and privileges in the Parcel, and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct, and maintenance of the property, as hereinafter set forth.

The condominium will consist of one building containing a total of fourteen (14) units, together with the appurtenances herein described.

NOW, THEREFORE, the Declarant, as the owner of the Parcel, and for the purposes above set forth, declares as follows:

ARTICLE I DEFINITIONS

The terms used herein and in the Exhibits attached hereto and in the By-Laws shall have the meaning specified in the Act, and as follows, unless the context otherwise requires:

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

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

(3) "ASSESSMENT" means a proportionate share of the funds required for the payment of the Common Expenses which from time to time may be levied against each Unit Owner.

(4) "ASSOCIATION" means ALABAMA SANDS CONDOMINIUM OWNERS ASSOCIATION, INC., an Alabama not for profit corporation, and its successors, that is the entity responsible for the administration

and management of the Condominium, and is the corporation organized in accordance with the Act.

(5) "BOARD" means the Board of Directors of the Association.

(6) "BUILDING" means all structures or structural improvements located on the Parcel and forming part of the Condominium.

(7) "BYLAWS" means the duly adopted Bylaws of the Association and are identified as Exhibit "B" attached hereto and made a part hereof as if set out fully herein.

(8) "COMMON ELEMENTS" means any part of the Condominium Property, as set forth and defined in ARTICLE IV of this Declaration, in which all of the Unit Owners have an undivided interest.

(9) "COMMON EXPENSES" means the expenditures made by or financial liabilities of the Association, together with any allocation to reserves, including but not necessarily limited to expenses incurred in the maintenance, administration, improvement, and repair of the Common Elements, whether incurred or estimated by the Board, for which the Unit Owners are liable to the Association in accordance with the terms of the Condominium Documents.

(10) "COMMON SURPLUS" means the excess of all receipts of the Association arising out of the ownership of Common Elements over the amount of the Common Expenses.

(11) "CONDOMINIUM" means the ALABAMA SANDS CONDOMINIUM, a

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Condominium, and consists of the Condominium Property submitted to the condominium form of ownership by this Declaration.

(12) "CONDOMINIUM DOCUMENTS" means the Declaration, Bylaws, Articles, and all Rules and Regulations as may be adopted by the Association; and all exhibits attached thereto as the same may be amended from time to time.

(13) "CONDOMINIUM PROPERTY" or "PROPERTY" means all property both real, personal or mixed, which is submitted by this Declaration, and includes the parcel and all improvements now existing or hereafter placed thereon, all easements, rights, interests and appurtenances thereto, and all personal property now or hereafter used in connection therewith.

(14) "DECLARATION" means this Declaration as it may be amended from time to time.

(15) "DEVELOPER" means ALABAMA SANDS DEVELOPMENT, INC., and its heirs, successors and assigns.

(16) "LIMITED COMMON ELEMENTS" shall have the same meaning as is defined in the Act and as set out in this Declaration.

(17) "MEMBER" means a member of the Association, membership in which is confined to Unit Owners.

(18) "MORTGAGEE" means any holder and owner of a mortgage or vendor's lien on any part or all of the condominium property.

(19) "OCCUPANT" means a person or person in possession of a Unit, regardless of whether that person is the Unit Owner.

(20) "PERSON(S)" means a natural person, a corporation, a partnership, a limited partnership, an association, a trustee, a

joint venture, or other legal entity.

(21) "PLANS" means the site plan, floor plans, and elevations of the Condominium prepared by an independent registered engineer or registered architect, which are marked Exhibit "D" 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.

(22) "REAL PROPERTY" or "PARCEL" means the real property as described in this Declaration which is herein submitted to the condominium form of ownership.

(23) "UNIT" or "PRIVATE ELEMENT" means a physical portion of the Property designated, designed and intended for separate ownership or occupancy, the boundaries of which are described in this Declaration. Each Unit shall consist of the space and structures enclosed and bounded by the horizontal and vertical planes as shown on the Plan, which planes shall be determined as follows:

(a) Horizontal Boundaries (Planes). The upper and lower boundaries extended to their planer intersections with the vertical boundaries of the Unit as follows:

(i) Upper Boundary - the horizontal plane of the unfinished lower interior surface of the ceiling.

(ii) 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, wallpaper and like coverings, extended to their planar intersections with each other and with the upper and lower boundaries.

Each Unit shall include all improvements contained within such area, including any plumbing and electrical fixtures, provided, however, that no weight bearing walls and columns of the Buildings in which such Unit is located, and no pipes, wires, conduits, ducts, flues, shafts, and public utility lines situated within such Unit and forming part of any system serving one or more other Units or the Common or Limited Common Elements shall be deemed to be a part of the Unit.

When a Unit is conveyed, the following shall pass with it as appurtenances thereto: (a) an undivided share in the Common Elements and Common Surplus; (b) the exclusive right to use such portion of the Common Elements as may be provided by this Declaration and as may not be separately conveyed in accordance with this Declaration; (c) an exclusive easement for the use of the airspace occupied by the unit as it exists at any particular time and as the unit may lawfully be altered or reconstructed from time to time, provided that an easement in a space that is vacated shall be terminated automatically; and (d)

other appurtenances as may be provided in this Declaration.

(24) "UNIT OWNER" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Unit and of the appurtenant undivided interest in the Common Elements.

When the context permits hereunder, 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.

ARTICLE II SUBMISSION OF PROPERTY TO ACT

By this Declaration, the Declarant hereby submits the Parcel and the Property to the provisions of the Act.

ARTICLE III NAME AND ADDRESS

The name of the Condominium is ALABAMA SANDS CONDOMINIUM, a Condominium. The Condominium is located at 1117 West Lagoon Avenue, Gulf Shores, in the County of Baldwin, State of Alabama.

ARTICLE IV DESCRIPTION OF PROPERTY - DEVELOPMENT PLAN

4.01. Land. The following real property, together with all buildings, structures, improvements, and all other permanent fixtures thereon, and all rights and privileges belonging or in anyway pertaining thereto, is hereby submitted to the condominium form of ownership.

SEE EXHIBIT "A", attached hereto and made a part hereof, by reference herein.

4.02. General Description of Improvements. The Condominium shall consist of the above described real property, together with the improvements, landscaping and other aesthetic amenities, automobile parking areas, swimming pool, covered patio or deck, and other common areas as more specifically set out herein, and as shown on the attached plans.

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

4.04. Buildings. The Condominium consists of one building containing a ground floor and a second story, constructed primarily of wood with vinyl siding exterior and containing a total of fourteen (14) Units. The ground floor shall not be constructed on a concrete slab but rather shall be elevated.

4.05. Units. Each Unit is assigned a number or letter or a combination thereof, which is indicated on the Plans made Exhibit "D" hereto, 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 as shown on the Plans, the name of the Condominium, the name of the county in which the Parcel is situated, the name of the office in which this Declaration is recorded, and the deed book and page number where the first page of this Declaration is recorded. The description and location of the Units/Private Elements are determined with

the aid of the Plans and the horizontal and vertical planes as described in the definition Article herein.

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 surfacing materials on the interior of the exterior walls and on interior walls separating one Unit from another Unit. This is not intended to include the sheetrock on any common-party walls falling between Units. Such sheetrock is a common element.

(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, microwave, garbage disposal, washer, dryer, 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.

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4.06. Types of Units. There is one (1) basic type unit, such basic unit type having a reverse mirror image, creating two basic floor plans.

Basic Unit Type "A" is a two (2) bedroom, Two (2) bath unit, containing a kitchen, dining and living areas, each unit with a covered patio with deck serving the unit as a limited common element. There are fourteen Type "A" Units, each containing approximately 896 square feet each.

4.07. Common Elements. The Common Elements are all portions of the condominium other than the Units and shall include generally the common areas and facilities located substantially as shown on the Plans. Such Common Elements will include the following unless specifically included within a Unit:

- (1) The land described in Article IV, hereof;
- (2) The foundations and footings, exterior walls, roofs, girders, beams, supports, stairs and stairways, balconies, terraces, decks, patios, entry walks, and entry porches of any Building;
- (3) The yard, streets, walkways, parking areas, garage areas, recreational areas, and landscaping;
- (4) The mechanical systems and installations providing service to any Buildings, or to any Unit, such as electrical power, gas, light, hot and cold water, heating and air conditioning, sanitary and storm sewer facilities, and including all lines, pipes, ducts, flues, chutes, conduits, cables, wires, and 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;

(5) All maintenance facilities, water storage tanks, pumps, outdoor lighting, and the like;

(6) All easements, rights, or appurtenances affecting or relating to the use of the Condominium Property, unless specifically included in any Unit;

(7) All other parts of the Buildings, all apparatus and installations existing in the buildings or on the property for the common use of the Unit Owners, or necessary for the convenience or the existence, maintenance and safety of the building, and which are not specifically made part of the private elements by the terms of this Declaration.

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

The patio or deck, 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 or deck, balcony, terrace, or porch are assigned as a Limited Common Element to the Unit to which the patio with deck, balcony, terrace, or porch serves.

ARTICLE V
COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

5.01. Ownership. Each Unit Owner shall be entitled to the percentage of Ownership in the Common Elements allocated to the respective Unit, as set forth in Exhibit "C". The ownership interests 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.

5.02. Use.

(a) Each Unit Owner shall have the right to use the Common Elements (except any portions of the Property subject to leases made by or assigned to the Board and except any portions thereof designated as a Limited Common Element and restricted to the exclusive use of and as an appurtenance to another unit) in common with all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the respective Unit Owner by such Unit Owner. The Unit Owner shall have the right to non-exclusive use and possession of the Limited Common Elements considered appurtenant to the ownership of such Unit. The right to use the Common Elements and Limited Common Elements shall be subject to and governed by the Provisions of the Act,

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Declaration, Bylaws, 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 Bylaws.

(b) Anything contained herein notwithstanding, a valid exclusive easement is hereby declared and established for the benefit of each unit and its owner consisting of the right to use and occupy the balcony or deck serving only such Unit.

5.03. Share of Expenses. Each Unit Owner shall be assessed and liable for a proportionate share of the Common Expenses, and the proportionate share of Common Expenses shall be the same ratio as his percentage of ownership in the Common Elements. Payment of Common Expenses shall be in such amounts and at such times as determined in the Bylaws. No Unit Owner shall be exempt from payment of his or her proportionate share of the Common Expenses by waiver or nonuse or nonenjoyment of the Common Elements, or by abandonment of his Unit. 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.

5.04. Lien for Expenses. If any Unit Owner shall fail or refuse to make any payment of the Common Expenses or other assessment 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

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State of Alabama, from and after the date said Common Expenses, or other assessments, become due and payable, in accordance with applicable law, shall constitute a lien on the interest of the Unit Owner in the Property.

5.05. Priority of Lien. Any lien of the owners Association shall be subject to the rules of priority as stated in the Act and other applicable state laws.

5.06. Disposition of Surplus. The Common Surplus shall appertain to the Units in proportion to the liability for Common Expenses appertaining to each Unit; 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 at the sole discretion of the Association.

ARTICLE VI THE ASSOCIATION

6.01. Name. The name of the Association shall be Alabama Sands Condominium Owners Association, Inc.

6.02. Powers and Duties. The operation and administration of the Condominium shall be by the Association of Unit Owners, pursuant to the Act. The Association shall be a not for profit corporation and shall be responsible for the maintenance, repair, replacement, administration, and operation of the Property. 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 Bylaws and other Condominium Documents as they may be amended from time to time. Without limiting the foregoing, the Association is specifically

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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. Also, without limiting any of the foregoing, 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 project 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 project. The Board of Directors shall have the authority and the 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.

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

6.04. Voting Rights. The numerical value of all votes for all Members shall be fourteen (14). Each unit shall be entitled to one (1) vote. The votes of a Unit shall not be divisible. All votes shall be cast in accordance with the provisions set forth in the Bylaws.

6.05. Bylaws. The Association and its members shall be

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governed by the Bylaws, identified as Exhibit "B", attached hereto and made a part hereof, as if set out fully herein.

6.06. 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.

6.07. 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.

6.08. 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 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.

6.09. 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.

6.10. Control. 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; (iii) two (2) years after any Development Right to add new units was last exercised, or (iv) three years after the first unit estate is conveyed, 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. 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 (33 1/3%) 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.

6.11. Contracts. If entered into before the Board elected by the Unit Owners pursuant to the Act takes office, any professional management contract must contain provisions that the contract may be terminated without penalty and upon not more 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.

6.12. 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.

6.13. 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.

6.14. Working Capital. In order to insure that the Association Board will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable, and to provide for the project's operation in the initial months of operation, there shall be established a working capital fund. Each Unit's share of the working capital fund shall be collected and transferred to the Association at the time of closing of the initial sale of each Unit from the Developer and maintained in a segregated fund account for the use and benefit of the Association. Amounts paid into the fund shall not be considered as advance payment of

regular assessments. The Developer shall be prohibited from using the working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the owner's association. The Developer, however, may, when unsold units are sold, reimburse itself for funds it paid the owner's association for an unsold unit's share of the working capital fund by using funds collected at closing when the unit is sold.

ARTICLE VII
OCCUPANCY, USE, AND LEASING RESTRICTIONS

7.01. Residential Use. Each Unit or any two or more adjoining Units used together shall be used only as a residence, except that, if permitted by applicable zoning ordinances, a professional or quasi-professional Unit Owner or Occupant using a Unit as a residence may also use that Unit as an ancillary or secondary facility to an office established elsewhere. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit an Occupant from (1) maintaining his personal professional library, (2) keeping his personal business or professional records or accounts, or (3) handling telephone calls or correspondence relating to his personal business or profession. Such uses are expressly declared customarily incidental to the principal residential use and not in violation of said restrictions.

7.02. Use of Common Elements. The Common Elements shall be used only by the Unit Owners and their agents, servants, tenants, family members, invitees, and licensees for access,

ingress to, and egress from the respective Units and for such other purposes incidental to use of the Units. However, other areas designed 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. No Unit Owner of Occupant shall place, distribute, or maintain any sign, poster, or bill in any portion of the Common Elements outside his Unit without the approval of the Board of Directors.

7.03. Use of Limited Common Elements. The Limited Common Elements shall be used only by the Unit Owners having an undivided interest in and to the Unit to which the Limited Common Elements is assigned, and their agents, servants, tenants, family members, invitees, and licensees for such purposes incidental to the use of said Units. Such uses shall at all times be consistent with this Declaration.

7.04. Nuisances. No nuisances shall be allowed on the Condominium Property, nor any use or practice that is the source of unreasonable annoyance to residents or that interferes with the peaceful possession and proper use of the Condominium Property by its residents. All parts of the Condominium Property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate nor any fire

hazard allowed to exist.

7.05. Lawful Use. No offensive or unlawful use shall be made of the Condominium Property, nor any part thereof, and 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 that 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.

7.06. Leases. Units may be leased by the Unit Owners, provided, however: (1) that such lease and the rights of any tenant thereunder is hereby made expressly subject to the power of the Association to prescribe reasonable Rules and Regulations relating to the lease and rental of Units 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; and (2) that such lease or rental agreement shall be in writing.

Each Unit Owner who has or who shall hereafter lease his unit hereby irrevocably empowers and authorized the Association or its managing agent to enforce the rules and regulations of the Condominium Association and to terminate the lease of and evict any tenant who fails to comply with said rules or who provides other sufficient cause for termination of the lease and eviction in accordance with the laws of the State of Alabama, this Declaration, the Bylaws, Rules and Regulations of the

Association, or any contract for lease. The Association, the Board of Directors or its managing agent shall not become liable to any unit owner or sublessor or other party for any loss of rents or other damages resulting from the reasonable exercise of the provisions of this paragraph.

The provisions of this Article shall not be applicable to the Declarant who is hereby irrevocably empowered without any limitation at all times, whether for permanent or temporary occupancy to sell, lease or rent units for any period and under any terms to any lessees or purchasers or transferees with the right to take any action necessary to consummate the sale or rental of said units, including, but not limited to, the right to maintain model units post signs, have employees in the offices maintained in the condominium buildings, use the common elements and show units to prospective purchasers. Sale office signs and all items pertaining to sale shall not be considered common elements and shall remain the property of the Declarant.

7.07. Completion of Improvements. Until such time as the developer has completed and sold all of the private individual units or any proposed future improvements (phases) as contemplated herein, or any amenities associated there with, neither the private individual unit owners, nor the Association, nor the users of the condominium property shall interfere with the completion of the planned improvements or the sale of units. The Developer may make such use of the unsold units and common areas as may facilitate such completion and sale.

7.08. Right to First Refusal. The right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit shall not be subject to any right of first refusal or similar restriction.

7.09. Restrictions on Mortgaging Units. Anything construed in any of the condominium documents notwithstanding, there shall be no restrictions of a Unit Owner's right to mortgage his or her unit.

7.10. Miscellaneous Restrictions.

(1) No waste shall be committed in or on the Common Elements.

(2) Except as expressly provided in this Declaration, nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board.

(3) 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 herein expressly provided.

(4) All parts of the property shall be kept in an clean and sanitary condition and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist.

(5) 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.

(6) 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.

(7) Outdoor drying of clothes, bedding, or similar items is not permitted.

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

(9) 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.

(10) 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.

(11) 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 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) At least one automobile parking space shall be made available to each Unit. 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.

(13) 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.

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

7.11 Rights of 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.

ARTICLE VIII EASEMENTS

Each of the following easements are reserved to the Association for the benefit of its Members, their guests, and

lessees, is a covenant running with the land, may not be amended or revoked, and shall survive the termination of the Condominium:

(1) Utilities. Each Unit shall have an easement as may be required for Utility Services needed to serve the Condominium adequately; provided, however, easements through a Unit shall be according to the plans and specifications for the Building or as the Building is actually constructed or reconstructed, unless otherwise approved in writing by the Unit Owner. The Board of Directors or its designee shall have a right of access to each Unit to inspect such Unit, to maintain, repair or replace drainage facilities and the pipes, wires, ducts, vents, cables, conduits and other facilities related to the providing of Utility Services, and Common Elements or Limited Common Elements contained in the Unit or elsewhere in the Condominium property, and to remove any improvements interfering with or impairing the Utility Services, drainage facilities and easements herein reserved; provided such right of access, except in the event of an emergency, shall not unreasonably interfere with the Unit Owner's permitted use of the Unit, and except in the event of an emergency, entries shall not be made without prior notice to the Unit Owner.

(2) Ingress and Egress. Each Unit shall have an easement for pedestrian traffic over, through, and across sidewalks, paths, walks, lobbies, elevators, stairways, walkways and lanes, and like passageways, as the same may from time to time exist on the Common Elements; and for vehicular traffic over, through, and

across such portions of the Common Elements as from time to time may 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 nonexclusive 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.

(3) Drainage. Each Unit shall have an easement as may be required to drain the Condominium Property adequately.

(4) 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, the Common Elements and the Limited Common Elements.

(5) Encroachments. If any portion of the Common or Limited Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common or Limited 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 so long as such building stands. In any event any building, any Unit, any adjoining Unit, or any adjoining Common or Limited Common Elements, shall be partially or totally destroyed as

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 or Limited Common Elements upon any Unit or of any Unit upon another Unit or upon any portion of this Common or Limited Common Elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such building shall stand.

**ARTICLE IX
MAINTENANCE, ALTERATION, AND IMPROVEMENTS**

9.01. Maintenance by the Association.

(1) The Association, as a Common Expense, shall maintain, repair, and replace if necessary the following:

(a) All portions of the Common Elements and Limited Common Elements not the responsibility of a Unit Owner under the provisions of Paragraph 9.02, hereof.

(b) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services that are contained within a Unit but service part or parts of the Condominium other than the Unit within which contained and that are not the responsibility of a Unit Owner under Paragraph 9.02, hereof.

(2) 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 other type properties, 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; provided, however, if such contract is entered into before the Board elected by the Unit Owners pursuant to the Act takes office, such contract shall be subject to the provisions of paragraph 6.11 herein above.

9.02. Maintenance by Unit Owners.

(a) Each Unit Owner shall maintain his Unit and the interior thereof in good tenantable condition and repair, and shall repair, maintain, and replace if necessary the following:

(1) The fixtures and equipment in his Unit, including the refrigerator, stove, fans, dishwasher, and all other appliances, drains, plumbing fixtures and connections, sinks, and plumbing within the unit; electric panels, wiring, outlets, and electric fixtures within the Unit; interior doors, windows, screening and glass, including glass between the Unit and any patio or deck adjacent to such Unit; all exterior doors, except the painting of the exterior faces of exterior doors which shall be a responsibility of the Association; and all wall coverings and carpeting within a Unit.

(2) The plumbing, heating, ventilation, air conditioning, and electrical systems serving only that Unit, whether located within or without the boundary of that Unit, including the heater and air conditioning compressor, hot water heaters, fuse boxes, wiring, fireplace flues, and all other plumbing, electrical, gas, or mechanical systems. In the event

any such system or a portion thereof is within another Unit, or requires access to another Unit, the repair, maintenance or replacement thereof shall be performed by the Association, and the cost thereof shall constitute an Assessment against the Unit Owner responsible therefor.

(b) Each Unit Owner shall keep the Limited Common Elements, appurtenant to his Unit, if any, in a neat and presentable appearance and shall not allow such area to be used for storage or beyond its intended use.

9.03. Unit Owner's Covenants. Each Unit Owner agrees as follows:

(1) To perform all maintenance, repairs, and replacements that are the Unit Owner's obligations under this Declaration and the Act.

(2) To pay for all of his utilities, including electricity, gas and telephone used within the Unit and all taxes levied against his Unit.

(3) Not to make, or cause to be made, any repairs to any plumbing, heating, ventilation or air conditioning systems located outside his Unit but required to be maintained by him pursuant to the provisions hereof, except by licensed plumbers or electricians authorized to do such work by the Association or its delegate or agent.

(4) Not to make any addition or alteration to his Unit or to the Common Elements or Limited Common Elements or do any act that would impair 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.

(5) To make no alterations, additions, improvements, decoration, repair, replacement, or change to the Common Elements, or Limited Common Elements, or to any outside or exterior portion of the building, specifically including, but not limited to screening or enclosing private balconies, installing garage or other exterior doors, or affixing outshutters 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 all 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, the Common Elements and to the Limited Common Elements caused by any contractor employed by such Unit Owner or by the subcontractors or employees of such contractor, whether said damages are caused by negligence, accident, or otherwise.

(6) To allow the Association, its delegates, agents, or employees at all reasonable times to enter into any Unit 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.

(7) To promptly report to the Association any defects or needed repairs for which the Association is responsible.

9.04. Facade. The Association shall determine the exterior color scheme of the Buildings and shall be responsible for the maintenance thereof, except as may be otherwise provided for herein. No Owner shall paint any exterior surface or add or replace anything hereon or affixed thereto without written consent of the Association.

9.05. Repairs. The Association shall be responsible for the maintenance, repair, and replacement of the Common Elements and Limited Common Elements, except as otherwise provided for in Paragraph 9.02; provided, that if any repairs or replacements are made necessary because of abuse or negligent use thereof by a Unit Owner, the cost of such repair or replacement may be assessed against such Unit Owner.

9.06. Addition, Alteration and Improvement. Except for repairs and maintenance of existing improvements, after the completion of the improvements in accordance with the Plans, there shall be no addition, alteration, or further improvement of the Common Elements or Limited Common Elements (except by any changes or additions resulting from additional phases, if any, in accordance with this Declaration) without the prior approval of

not less than Seventy-five percent (75%) of the Members and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units so approving, provided, however, that any alteration or improvement of common elements bearing the approval in writing of Unit Owners entitled to cast fifty-one percent (51%) of the votes in the Association, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the Units of such approving Unit Owners, and which does not prejudice the rights of any Owners not consenting, may be done if the Owners who do not approve are relieved from the initial cost thereof. There shall be no change in the share and rights and obligations of a Unit Owner in the Common Elements which are altered or further improved, whether or not the Unit Owner contributes to the initial cost thereof. Any such alteration or addition shall be done in accordance with complete plans and specifications therefor first approved in writing by the Board; and promptly upon completion of such additional building or structural alteration or addition to any structure, the Association shall duly record or file of record in the office of the Judge of Probate of Baldwin County, Alabama, such amendment together with a complete set of plans of the Condominium, as so altered, certified "as built" by a licensed or registered engineer or architect.

ARTICLE X INSURANCE

10.01. Obligation to Purchase. Commencing not later than

the time of the first conveyance of a Unit to a person other than the Declarant, the Association shall maintain insurance upon the Condominium Property, to the extent reasonably available, as provided for in the Act and as follows. If the insurance which required to be maintained is not reasonably available, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners.

10.02. Specified Insurance. Insurance, other than title insurance, that shall be carried on the Property and the property of the Unit Owners shall be governed by the provisions of this Article. Insurance coverage maintained by the Association pursuant to these provisions is hereafter referred to as "Specified Insurance." Anything to the contrary notwithstanding, all insurance coverages shall be consistent with local and state insurance laws.

10.03. Location of Policies. The Association shall retain the original of all insurance policies for Specified Insurance in a place of safekeeping such as a safe or a safety deposit box and shall provide copies of such policies to Institutional Mortgagees requesting such copies.

10.04. Notice of Change in Insurance Coverage. No cancellation or substantial change in the Specified Insurance provisions, including changes in the amount of coverage, the risks covered, the ratio to value of coverage, or endorsements or other changes in the coverage provisions, may be effected by the

Association without at least ten (10) days written notice to the Association or insurance trustee and each Mortgage Holder named in the mortgage clause, and each holder of a first mortgage on an individual unit.

10.05. Qualification of Insurance Company. Each company issuing Specified Insurance must be specifically authorized by the laws of the State of Alabama to transact such business as is necessary to provide the Specified Insurance.

10.06. Provisions. Insurance coverage as specified and required under this Article shall, in substance and effect:

(1) Provide that the policy will be primary, even if unit owner has other insurance that covers the same loss, and further provide that the liability of the insurer shall not claim any right of set-off, counterclaim, apportionment, proration or contribution by reason of any other insurance obtained by or for any Unit Owner.

(2) Contain no provision relieving the insurer from liability for a loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Association, or because of any breach of warranty or condition or any other act or neglect by the Association or any Unit Owner or any other persons under either of them.

(3) Provide that such policy may not be canceled or substantially modified (whether or not requested by the Association) except by the insurer giving at least ten (10) days prior written notice thereof to the Association, the fee 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.

(4) Provide that each unit owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the Association.

(5) Provide that no act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

(6) Contain a waiver by the insurer of any right of subrogation to any right of the Association, or either against the Unit Owner or member of his household or lessee of any Unit; and

(7) Contain a standard mortgage clause which shall:

(a) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any Unit, whether or not named therein; and

(b) 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

(c) Waive any provisions invalidating such

mortgagee clause by reason of the failure of the mortgagee to notify that insurer of any hazardous use of vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

(8) Any insurance trust agreement will be recognized.

10.07. Named Insured. The named insured on all policies of Specified Insurance shall be the Association, for the use and benefit of the individual owners. Any "loss payable" clause shall show the Association or other insurance trustee as a trustee for each Unit Owner and the holder of each Unit's mortgage.

10.08. Property Damage Insurance. The Board shall secure and maintain in effect a "master" or "blanket" type policy of property damage insurance providing coverage in an amount not less than the full replacement value of the Common Elements and Limited Common Elements, (except land, foundation, excavation or other items usually excluded from coverage) and including coverage for all improvements, fixtures and personal property included in the Common Elements and Limited Common Elements. The policy shall cover all of the Common Elements and Limited Common Elements that are normally included in coverage, including but not limited to, fixtures and building service equipment and common personal property and supplies owned by the association. If required by any mortgage holder or purchaser of any mortgage,

the policy shall also cover fixtures, equipment and other personal property inside individual units, whether or not the property is part of the common elements. The policy shall include an "Agreed Amount Endorsement" or its equivalent, if available, or an "Inflation Guard Endorsement," if available. If the enforcement of any building, zoning, or land-use law will result in loss or damage, increase costs of repairs or reconstruction, or additional demolition and removal costs, the association shall require a Building Ordinance or Law Endorsement which must provide for such contingent liability. Such coverage for property damage insurance shall afford protection against:

(1) Loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement; and

(2) Risks as are covered by an all-risk endorsement; and

(3) Other risks as from time to time shall be customarily covered with respect to condominium buildings similar in construction, location and use as the Buildings. The maximum deductible amount is the lesser of \$10,000.00 or 1% of the policy face amount. Funds to cover these deductible amounts shall be included in the owners' association's operating reserve account.

10.09. Public Liability Insurance. The Association shall secure and maintain a comprehensive commercial general liability insurance policy, including medical payments insurance, covering all common elements, public ways and any other areas that are

under its supervision. The insurance shall also cover commercial spaces that are owned by the Association, even if they are leased to others. The policy should provide coverage for death, bodily injury and property damage arising out of or in connection with the operation, maintenance, or use of the project's common elements and, further, any legal liability that results from law suits related to employment contracts in which the Association is a party. Such policy shall provide coverage, in an amount to be determined by the Board of Directors, for bodily injury, including death, and property damage for any single occurrence. In no event shall the coverage be in an amount less than one million dollars for any single occurrence. If the policy does not include "severability of interest" in its terms, it shall contain a specific endorsement to preclude the insurer's denial of a unit owner's claim because of negligent acts of the owners' association or of other unit owners. The coverage shall also include protection against water damage liability and, if applicable, elevator collision, garage keep's liability, and such other risks as shall customarily be covered with respect to condominium buildings similar in construction, location, and use.

10.10. Flood Insurance. If any part of the project shall be deemed to be in a Special Flood Hazard Area, as defined by the Federal Emergency Management Agency - the Association shall maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy shall cover the buildings and any other property within

the designated hazard area. The amount of insurance should be at least equal to the lesser of: (1) 100% of the current replacement cost of all buildings and other insurable property located in 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 current guidelines issued on the subject by the Federal Government. The maximum deductible for policies covering the common areas and elements is the lesser of \$5,000.00 or 1% of the policy's face amount. Funds to cover this deductible amount shall be included in the owners' association's operating reserve account.

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

10.12. Fidelity Bonds.

(1) The Board shall secure and maintain in effect adequate blanket fidelity coverage to protect against loss of money through dishonest acts on the part of officers, directors, employees, and all others who handle or are responsible for handling the funds held or administered by the Association, whether or not that individual receives compensation for services, including but not limited to employees or professional managers. Such fidelity bonds shall have their premiums paid as a common expense by the Association and shall meet the following

requirements:

(a) Fidelity bonds shall name the Association as an insured or obligee.

(b) The bonds shall be written in an amount equal to at least One Hundred Fifty percent (150%) of the estimated annual Common Expenses, including reserves, unless a greater amount is required by a federal governmental agency insuring or purchasing Mortgages encumbering Units.

(c) The bonds shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of employee or similar expression.

(d) The bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association or insurance trustee and each mortgage holder or servicer that services a Fannie Mae-owned or-securitized mortgage in the condominium project.

(2) Any management agent that handles funds for the Association shall also be covered by its own fidelity bond which is equal or exceeds the coverage of that bond obtained by the Association.

10.13. Other Coverages. The Association shall obtain all other insurance required by the Act. The Board shall secure other boiler and machinery insurance, directors' and officers' liability insurance, and plate glass insurance as it deems

necessary and shall also 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.

10.14. Unit Owner's Individual Responsibilities. 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 own conduct. Each Unit Owner shall be responsible for obtaining his own insurance on the contents of his own Unit and the contents of any Limited Common Elements serving his Unit, as well as additions and improvements thereto, decorations, furnishings, and personal property therein, and personal property stored elsewhere on the property.

10.15. Premiums. Premiums for insurance maintained by the Association shall be paid by the Association as a Common Expense. Should the Association fail to pay such premiums when due, or should the Association fail to comply with other insurance requirements of the Mortgage Holder, the Mortgage Holder 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 Mortgage Holder shall be subrogated to the Assessment and lien rights of the Association as against the individual Unit Owners for the payment of such item of Common Expense.

10.16. Association as Agent. All insurance policies purchased by the Association shall provide that all proceeds

covering property losses shall be paid to the Association, for the benefit of the Association and the Unit Owners and their Mortgagees as their interest may appear and as contemplated herein. The Association is hereby irrevocably appointed agent with full power of substitution, for each Unit Owner and for each Unit Owner and for each owner of any other insured interest in the Property. The Association shall have 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 of the rights, powers, and privileges of the Association and each Unit Owner or any other holder of an insured interest in the Property under such insurance policies. However, the actions of the Association shall be subject to the approval of any First Mortgagee if the claim shall involve more than one Unit, and if only one Unit is involved, such actions shall be subject to the approval of any First Mortgagee holding a mortgage encumbering such Unit.

10.17. Share of Proceeds. The Association 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:

(1) 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 as set forth in Exhibit "C".

(2) Units and Limited Common Elements. Except as provided elsewhere in this Declaration, proceeds on account of damage to Units and Limited Common Elements shall be held in the following undivided shares:

(a) 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 costs shall be determined by the Board.

(b) When the Condominium Property is not to be restored, the proceeds shall be held for the Unit Owners in undivided shares that are the same as their respective shares of the Common Elements as set forth in Exhibit "C".

(3) Mortgagees. 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 interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination whether or not any damaged property shall be reconstructed or repaired except as may be specifically provided to the contrary elsewhere in this Declaration.

10.18. Distribution of Proceeds. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

(1) 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 any such mortgagee.

(2) Failure to Reconstruct or Repair. If 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.

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

ARTICLE XI RECONSTRUCTION AND REPAIR

11.01. Responsibility. In the event of damage or destruction, and if the damage is only to those parts of Units for which the responsibility of maintenance and repair is that of the respective Unit Owners, then those Unit Owners 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.

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

(1) The Condominium is terminated in accordance with the Act;

(2) Repair or replacement would be illegal under any state or local statute or ordinance covering health or safety; or

(3) Eighty 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.

11.03. 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.

11.04. Estimate of Cost. When the Association shall have the responsibility of reconstruction or repair, prior to the

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commencement of reconstruction and repair the Association shall obtain reliable and detailed estimates of the cost to repair or rebuild.

11.05. Assessments for Reconstruction and Repair. If the proceeds of insurance are not sufficient to defray completely the estimated cost of reconstructions and repair by the Association, Special Assessments shall be levied against all Unit Owners in sufficient amount to provide funds for the payment of such estimated costs. Special Assessments against Unit Owners for damage to Units shall be in the proportion that the cost of reconstruction and repair of their respective Units bears to the total cost of such reconstruction and repair. An Assessment against a Unit Owner on account of damage to Common Elements shall be in proportion to the Unit Owner's share in the Common Elements. Special Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as an Assessment.

11.06. Construction Funds. The funds for the payment of costs for reconstruction and repair after casualty for which the Association is responsible, which shall consist of the proceeds of insurance held by the Association and funds collected by the Association from Assessments and Special Assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

(1) Damage. The construction fund shall be disbursed in payment of such costs on the order of and in the

manner provided by the Board.

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

(3) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstructions 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.

ARTICLE XII TERMINATION

The termination of the Condominium may be effected in accordance with the provisions of the Act and by the agreement of Unit Owners of units to which ninety percent (90%) of the votes in the Association are allocated and, in the case of termination

for reasons other than substantial destruction or condemnation of the property, by eligible mortgage holders (as defined in Bylaws and this Declaration) that represent at least sixty-seven percent (67%) of the votes of the mortgaged units. The agreement shall be evidenced by a written instrument executed in the manner required for conveyance of land, 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.

ARTICLE XIII
EMINENT DOMAIN/CONDEMNATION

13.01. Determination Whether to Continue Condominium.

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 the provisions of this Declaration pertaining to reconstruction and repair after casualty losses.

13.02. Proceeds. The proceeds and 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.

13.03. 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 Building will be reduced and the property damaged by the taking will be made usable in the manner provided below. The proceeds of said awards shall be disbursed in the manner provided for disbursement of funds by the Association after damage to the Common Elements.

13.04. 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:

(1) 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 expended for restoration by the

Association and be assessed against the Unit Owner as a Special Assessment.

(2) Distribution of Surplus. The balance of the award, if any, shall be distributed to the Owner of the Unit and to the holder of any Mortgage encumbering the Unit, the remittance being made payable jointly to the Owner and any such Mortgagee.

(3) 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 appurtenant to the Unit shall be reduced in accordance with the provisions of the Act.

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

(1) Payment of Award. The award shall be paid first to any 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 Mortgagee; and the balance, if any, to the repairing and replacing of the Common Elements damaged by the

taking.

(2) 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.

(3) 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.

(4) Assessments. If the balance of the award (after payments to the Unit Owner and such Owner's mortgagees as above provided) for the taking is not sufficient to finance the alteration of the remaining portion of the Unit for use as a part of the Common Elements, the additional funds required for such purposes shall be raised by Special Assessments against all of the Unit Owner who will continue as Owners of Units after the

changes in the Condominium effected by the taking. Such Special Assessments shall be made in proportion to the shares of those Owners in the Common Elements after the changes in the Condominium effected by the taking.

(5) Arbitration. If the market value of a Condominium Parcel prior to the taking cannot be determined by agreement among the Unit Owner, 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 the 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 Parcel; and a judgment of specific performance on the decision rendered by the arbitrators may be entered in 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.

13.06. 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 an Mortgage, the distribution shall be paid jointly to the owner and the Mortgagee of the Condominium Parcel.

13.07. Conflict With Act. If there is any conflict with the provisions of this Article and the Act, the provisions of the Act shall control.

ARTICLE XIV
PURCHASE OF CONDOMINIUM PARCEL BY ASSOCIATION

14.01. Decision. The decision of the Association to purchase a Condominium Parcel 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 Parcels, it may not purchase any additional Condominium Parcel without the prior written approval of seventy-five percent (75%) of the members eligible to vote thereon, except as provided in this Article. A member whose Condominium Parcel is the subject matter of the proposed purchase shall be ineligible to vote thereon. Notwithstanding the foregoing, however, the foregoing limitation shall not apply to Condominium Parcels either to be purchased at a public sale resulting from a foreclosure of the Association's lien for delinquent Assessments,

Special Assessments, or both 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 therefor 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 Parcel in accordance with this Article, or as the result of a sale pursuant to the foreclosure of (i) a lien on the Condominium Parcel for unpaid taxes; (ii) the lien of a mortgage; (iii) the lien for unpaid Assessments, Special Assessments or both; or (iv) any other judgment lien or lien attaching to such Condominium Parcel by operation of law.

ARTICLE XV
NOTICE OF LIEN OR SUIT

15.01. Notice of Lien. A Unit Owner shall give notice in writing to the Secretary of the Association of every lien on his Condominium Parcel, other than liens for Mortgages, taxes, and special assessments, within five (5) days after he learns of the attaching of the lien.

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 Parcel, with such notice to be given within five (5) days after the Unit Owner obtains knowledge thereof.

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

ARTICLE XVI
RULES AND REGULATIONS

16.01. Compliance. Each Unit Owner and the Association shall be governed by and shall comply with the terms of the Condominium Documents and the rules and regulations applicable to the Condominium Property. Ownership of a Unit subjects the Unit Owner to compliance with provisions of the Declaration, the Articles, the Bylaws, the Rules and Regulations of the Association, and any contract 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 Condominium Act.

16.02. 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 laws of the State of Alabama, including the imposition of reasonable fines (after reasonable notice and opportunity to be heard) from time to time as set forth in the Bylaws. 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 therefore 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 or the Limited 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 Condominium Act, the Condominium Documents, or any rules and regulations adopted pursuant thereto shall not constitute a waiver of the right to do so.

ARTICLE XVII
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.

**ARTICLE XVIII
COVENANT AGAINST PARTITION**

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.

**ARTICLE XIX
AMENDMENT OF THE DECLARATION**

19.01. 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.

19.02. Adoption. Except in the cases where this document may be amended by the Developer/Declarant under the terms hereof or the Act, Declaration may be altered, amended, or appealed or new Declaration 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

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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.

19.03. 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.

19.04. 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 XX MISCELLANEOUS

20.01. Intent. It is the intent of the Declarant 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 several laws of the State of Alabama, the Bylaws, the Articles, and all other instruments and exhibits attached to or make 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 representatives, 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 Bylaws, any rules and regulations of the Association promulgated pursuant thereto, and any exhibit 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 portions thereof.

20.04. Taxation of Condominium Parcels. The assessment and taxation of the Condominium Property shall be governed by the

Act.

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20.05. 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 shall be sent certified mail, return receipt requested, to the Secretary of the Association, at such other address as 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 duly receipted for, 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 personally delivering said notice or by a post office certificate of mailing. All notices to the Association or a Unit Owner shall be deemed to have been given when delivered to the addressee in person in accordance with the provisions of this Declaration or when mailed in a postage-paid, sealed envelope, except notices of address changes, which shall be deemed to have been given when received.

20.06. Governing Law. Should any dispute or litigation between any of the parties whose rights or duties are affected or determined by the Condominium Documents or any rules and

regulations adopted pursuant to such documents, such dispute or litigation shall be governed by the laws of the State of Alabama.

20.07. 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.

20.08. 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 faire and reasonable in all material respects.

20.09. 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 on construing the effect or meaning of any of the text of the Condominium Documents.

20.10. Assignment. All rights in favor of the Declarant reserved in this Declaration are freely assignable in whole or in part by the Declarant and may be exercised by any nominee of the Declarant and/or exercised by the successors in interest of Declarant.

20.11. 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

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by the Court.

20.12. Rights of Action. The Association and any aggrieved unit owner shall have the right of action against unit owners who fail to comply with the provisions of the Declaration, Bylaws, Rules and Regulations, the Act, and other condominium documentation. Unit estate owners shall have the right of action against the Association for its failure to comply with the provisions of the Declaration, Bylaws, Rules and Regulations, the Act, and other condominium documentation. In the event that the Condominium Documents give the Developer or the Association the right to use summary abatement or similar means to enforce restrictions against the unit property or its use, a judicial proceeding shall be instituted before any items of construction can be altered or demolished.

20.13. Applicability. Each unit estate owner shall be subject to all rights and duties assigned to owners under the terms of the Condominium Documents. When there are unsold units in the Project, the Developer shall enjoy the same rights and assume the same duties as they relate to each individual unsold unit.

IN WITNESS WHEREOF, the Declarant, ALABAMA SANDS DEVELOPMENT, INC., an Alabama Corporation, has caused this

Declaration of Condominium to be executed on this 17th day
of July, 1997.

DEVELOPER:

ALABAMA SANDS DEVELOPMENT, INC.

By: Wanda J. Bingham
Its: Secretary/VP

STATE OF Alabama
COUNTY OF Baldwin

I, James R. Owens Jr., the undersigned authority, a
Notary Public in and for said County in said State, hereby
certify that Wanda J. Bingham whose name as
Secretary and Vice-President of ALABAMA SANDS DEVELOPMENT, INC.,
an Alabama corporation, 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 said instrument, he, as such
officer and with full authority, executed the same voluntarily
for and as the act of said corporation on the day the same bears
date.

Given under my hand and seal this the 17th day of
July, 1997.

[Signature]
Notary Public

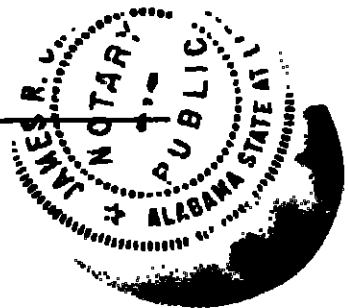
My Commission Expires:

2/20/2000

This Instrument Prepared By:

G. DAVID CHAPMAN III, P.C.
Attorney at Law
Post Office Box 1508
Gulf Shores, Alabama 36547
File 96.3576

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EXHIBIT "A"

**ATTACHED TO
DECLARATION OF CONDOMINIUM
OF
ALABAMA SANDS CONDOMINIUM, A CONDOMINIUM**

REAL PROPERTY LEGAL DESCRIPTION

Lot 8, Block 2, Unit 2, Gulf Shores, Alabama, as shown on a map recorded in Map Book 1, Page 166 in the Office of the Judge of Probate of Baldwin County, Alabama.

THE REAL PROPERTY IS SUBJECT TO THE FOLLOWING:

- 1. Interest created by or limitations and restrictions imposed on the use of the Real Property as established by the Federal Coastal Zone Management Act or other Federal law or regulation.**
- 2. Zoning, planning, and other restrictions or regulations upon the use of the Real Property as may be imposed by the City of Gulf Shores or any other governmental authorities having jurisdiction over the Real Property.**
- 3. Development Rights and Special Declarant Rights granted Developer by the Condominium documents and by the Act.**
- 4. All ad valorem taxes and assessments.**
- 5. The rights of eminent domain or governmental rights of police power.**
- 6. Easements or claims of easements not shown by the public records.**
- 7. Encroachments, overlaps, boundary line disputes, and any other matter which would be disclosed by an accurate survey and inspection of the Real Property.**
- 8. 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.**

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EXHIBIT "B"
TO
DECLARATION OF CONDOMINIUM
OF
ALABAMA SANDS CONDOMINIUM, A CONDOMINIUM

BYLAWS
OF
ALABAMA SANDS CONDOMINIUM OWNERS ASSOCIATION, INC.

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