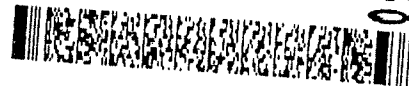


STATE OF ALABAMA)
COUNTY OF BALDWIN)

BALDWIN COUNTY, ALABAMA
JUDGE ADRIAN T. JOHNS
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AMENDED DECLARATION OF CONDOMINIUM
OF
SUN CHASE, A CONDOMINIUM

This Declaration is made by SUN CHASE CONDOMINIUM ASSOCIATION, INC., hereinafter referred to as the "Declarant", for itself, and for its heirs, successors, grantees, and assigns, for the purpose of maintaining a condominium, and establishing certain easements, covenants, and restrictions to run with the land.

RECITALS

Declarant is the Association that represents the interests of the unit owners who own an undivided interest in that certain real estate described in Article 4 of this Amendment, which is physically located in the County of Baldwin, State of Alabama, hereinafter referred to as the "Parcel".

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, was, by instrument dated March 3, 1983, formerly submitted to the provisions of the *Alabama Condominium Ownership Act of 1973, Code of Alabama, 1975, §35-8-1, et. seq.* The Condominium is known as SUN CHASE, a Condominium.

WHEREAS, the owners of units of SUN CHASE, a Condominium, wish to amend and revise the Declaration of Condominium of SUN CHASE (AKA Declaration of Condominium of Blue Water Development Corporation) to recognize and incorporate the provisions of the *Alabama Uniform Condominium Act of 1991, presently codified as Code of Alabama, 1975, §35-8A-101, et. seq., and,*

WHEREAS, notice of the subject matter of this proposed revision and amendment was included in a notice of a special meeting given to all unit owners and mortgagees to be held on the 22nd day of September, 2007 and,

WHEREAS, a resolution was adopted and approved prior to that time by a majority of the Board of Directors proposing the revision and amendments, and,

WHEREAS, the proposed revision and amendments were approved by both a majority of the Directors and by the vote of a majority of the unit owners, according to their proportional ownership.

NOW, THEREFORE, the Declaration of Condominium of SUN CHASE shall hereinafter provide as follows:

AMENDED DECLARATION OF CONDOMINIUM

OF

SUN CHASE, A CONDOMINIUM

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- Exhibit "B" Site Plan
- Exhibit "C" By-Laws of SUN CHASE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

The terms used herein, 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:

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

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

1.3 "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.

1.4 "ASSOCIATION" means SUN CHASE CONDOMINIUM ASSOCIATION, INC., an Alabama not for profit corporation, and its successors, the entity responsible for the administration and management of the Condominium, and is the corporation organized in accordance with the *Act* and also the *Alabama Condominium Ownership Act of 1973*.

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

1.6 "BUILDINGS" means all structures or structural improvements located on the Parcel and forming part of the Condominium.

1.7 "BY-LAWS" means the duly adopted By-Laws of the Association.

1.8 "COMMON ELEMENTS" means any part of the Condominium Property, as set forth and defined in Paragraph 4 of this Declaration, in which all of the Unit Owners have an undivided interest.

1.9 "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.

1.10 "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.

1.11 "CONDOMINIUM" means SUN CHASE, a Condominium, and consists of the Condominium Property as formerly submitted to the condominium form of ownership by Declaration.

1.12 "CONDOMINIUM DOCUMENTS" means the Declaration, By-Laws, 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.

1.13 "DECLARATION" means this Declaration as it may be amended from time to time.

1.14 "ELIGIBLE MORTGAGE HOLDERS" are those holders of a first mortgage on a unit estate who have submitted a written request that the Association notify them in accordance with the By-Laws of the Association.

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

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

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

1.18 "PERSON(S)" means a natural person, a corporation, a partnership, a limited partnership, an association, a trustee, a joint venture, or other legal entity.

1.19 "PLANS" means the site plan, floor plans, and elevations of the Condominium prepared by an independent registered engineer or registered architect, which are identified as Exhibit "B", and expressly made a part hereof.

1.20 "REAL PROPERTY" or "PARCEL" means the real property as described in this Declaration which is herein submitted to the condominium form of ownership or shall be subsequently submitted in accordance with the terms of this Declaration and any subsequent amendment thereto.

1.21 "UNIT" or "PRIVATE ELEMENT" means an apartment, and includes the private elements thereof, together with the undivided interest in the common elements which are assigned thereto. The unit boundaries of each unit shall include that part of the area and air space of a building which lies within the following-described boundaries: (a) the upper horizontal boundary shall be the plane of the under surfaces of the roof rafters and the lower horizontal boundary shall be the upper surface of the floor slab, and (b) the vertical boundaries of each unit shall be the plane of the inside surfaces of the studs which are the component parts of exterior walls and of interior walls separating a unit from another unit, and, as to the patio or balcony, the interior surfaces of the patio or balcony walls and the exterior unpainted finished surface of the perimeter railing abutting the patio or balcony. The private elements of each unit shall consist of the following: (1) the air space of the area of the building lying within the unit boundaries, (2) the surfacing materials on the interior of the exterior walls and on interior walls separating one unit from another unit but does not include the sheet-rock on any common-party wall falling between units or any exterior wall of any unit, such sheet-rock is a common element, (3) the structural components and surfacing materials of all interior walls located within the boundaries of the unit, (4) the structural components and surfacing materials of the floors and ceilings of the unit but does not include the sheet-rock on any common-party wall falling between units or any exterior wall of any unit, such sheet-rock is a common element, (5) all bathtubs, toilets and sinks, the range, refrigerator, dishwasher, hot water heater, air conditioning and heating units, light fixtures and all hardware and interior and exterior lighting fixtures, except those exterior lighting fixtures assigned to the common use of the condominium, and the

power meter and its appurtenances, and (6) all windows, doors, window screens, and all interior trim and finishing materials. An owner shall also have the exclusive right and duty to maintain and keep clean the air space falling immediately below his unit to the ground.

1.22 "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 Amended Declaration, the Declarant hereby resubmits the Real Property described in Article 4 to the Condominium form of ownership and provisions of the Act.

**ARTICLE III
NAME AND ADDRESS**

The name of the Condominium is SUN CHASE, a Condominium. The Condominium is located in Gulf Shores, in the County of Baldwin, State of Alabama.

**ARTICLE IV
DESCRIPTION OF PROPERTY**

4.1 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 resubmitted to the condominium form of ownership:

DESCRIPTION

Lot 6, Block 3, Unit 2, Gulf Shores, according to the plat thereof recorded in Map Book 1, Page 166, of the records in the Office of the Judge of Probate, Baldwin County, Alabama.

4.2 General Description of Improvements. The Condominium consists of the above described real property, together with the improvements, landscaping and other aesthetic amenities, automobile parking areas, swimming pool, utility spaces and other common areas as more specifically set out herein, and as shown on the attached site plan. (Exhibit "B").

4.3 Units. Each Unit is assigned a number or letter or a combination thereof, which is indicated on the Plans, so that no Unit bears the same designation as any other Unit. The legal description of each Unit shall consist of the identifying number or letter 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 definitions contained 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. Each Unit has a right of access to a public street or highway. 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.
- C. The surfacing materials on the interior walls separating the unit from other units.
- D. The structural components and surfacing materials of all interior walls located within the boundaries of the unit.

E. All bathtubs, toilets, sinks, range and oven, range hood, garbage disposal, dishwasher, hot water heater, heating unit, air conditioning unit (including the condenser and the wiring and piping located outside the boundaries of the unit if used solely for a unit), washer and dryer and light fixtures, hardware and interior lighting fixtures to be on the central billing except private deck lights which shall be metered to the individual unit, but shall not be a private element.

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

4.4 Easements. Easements are reserved throughout the Condominium property as may be required for utility services in order to adequately serve the Condominium; provided, however, such easements to a unit shall be only in accordance with the plans and specifications for the building, unless approved in writing by the unit owner. Each unit owner shall have an easement in common with the owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other elements serving such other units and located in such unit. The Association shall have the right of access to each unit to inspect the same, to remove violations therefrom, and to maintain, repair or replace the common elements contained therein or elsewhere in any building.

4.5 Common Elements. Any right, title or interest in a condominium unit shall automatically carry with it as an appurtenance and without the necessity of specific reference thereto its respective undivided share of the Condominium common elements and a right to use the common elements in conjunction with the owners of the other units. The common elements include the south 127 feet of the Condominium Property including the common areas and facilities located substantially on such portion of the property as shown on the site plan and floor plans, and also include:

- A. The driveways and paved areas, including the individual parking slots servicing the buildings (even though assigned to the exclusive use of a unit);
- B. Foundation, columns, girders, beams, supports, main walls, roofs (excluding the floor of the individual unit);
- C. Hallways, walkways, corridors, stairs, stairways, ramps and driveways;
- D. Entrances and exits to the building; and
- E. Lawn areas, landscaping and walkways.

4.6 Limited Common Elements. There are no Limited Common Elements.

4.7 Agreement. The acceptance of a deed or conveyance, or acquiring an interest in or lien upon any Unit, or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration of Condominium, the By-Laws and the Rules and Regulations of the Association, and the Alabama Uniform Condominium Act of 1991, as they may be amended from time to time, are accepted and ratified by such owner, tenant and occupant or holder of an interest or lien, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or security interest or lease thereof.

ARTICLE V COMMON ELEMENTS

5.1 Ownership. Each Unit Owner shall be entitled to the Fractional Ownership in the Common Elements allocated to the respective Unit as set forth in Exhibit "A". 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. Each owner may use the common elements in accordance with the purposes for which the same are intended, without hindering or encroaching upon the lawful rights of the other Owners.

5.2 Use. Each Unit Owner shall have the right to use the Common Elements (except any portions of the Property subject to leases made or assigned to the Board or 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 by such Unit Owner. The right to use the Common Elements shall be subject to, and governed by, the Provisions of the Act, Declaration, By-Laws, and the rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions, or grant easements with respect to parts of the Common Elements subject to the provisions of the Declaration and By-Laws.

5.3 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 fractional ownership in the Common Elements. Payment of Common Expenses shall be in such amounts and at such times as determined in the By-Laws. No Unit Owner shall be exempt from payment of his proportionate share of the Common Expenses by waiver or non-use or non-enjoyment 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.

5.4 Liens for Expenses. The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements and upon the goods, furniture and effects belonging to the Unit Owner and located in such Unit, which lien shall secure, and does secure, the moneys due for all Assessments now or hereafter levied or subject to being levied against the Unit Owner which lien shall also secure such late charges, penalties and interest, if any, which may be due on the amount of any delinquent Assessment owing to the Association, and which lien shall also secure all costs and expenses, including reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in the Common Elements. The lien herein granted to the Association shall be effective from and after the time of recording of this Declaration in the Office of the Judge of Probate of Baldwin County, Alabama, and no further recordation of any claim of lien under this Section is required.

5.5 Priority of Lien. The Association shall have a lien for nonpayment of Common Expenses and Limited Common Expenses as is provided by the Act. In any suit for the foreclosure of a lien for Assessments, the Association shall be entitled to rental from the Unit Owner from the date on which the payment of any Assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said Unit, without notice to the Unit Owner. The rental required to be paid shall be equal to the rental charged on comparable type of dwelling Units in the area in which the Condominium is located. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at a rate set by the Board of the Association but in no case shall said interest exceed the maximum legal rate on any such advances made for such purposes. All Persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association. A lien for Common Expenses or Limited Common Expenses shall not be affected by any sale or transfer of a Unit, except as herein provided. A sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall extinguish a subordinate lien for Assessments which became payable prior to such sale or transfer; provided, however, a sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish the lien of the Association to the extent of the Common Expense Assessments and Limited Common Expense

Assessments based on the periodic budget adopted by the Association pursuant to the Act which would have become due in the absence of acceleration during the six (6) months immediately preceding the institution of an action to enforce the lien. However, any such delinquent Assessments, which were extinguished pursuant to the foregoing provision, may be reallocated and assessed to all of the Units as a Common Expense. Any such sale or transfer pursuant to foreclosure does not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, any Assessments made thereafter.

5.6 Set-Off of Rents for Payment of Debt. Since the debt is subject to an automatic lien, it is due absolutely and without contingency and is therefore subject to set-off on behalf of the Association and, therefor, the Board of Directors, in its sole discretion, and, if it believes it is necessary to obtain satisfaction of the unit owner's debt, may attach any and all rental, lease and any other use of premises payments which are derived from the occupancy of the delinquent unit owner's unit by individuals or entities other than the unit owner. The Board shall serve notice on the unit owner at least five (5) days before the Board can attach said rental, lease or any other use of premises payments and make demand for said monies and direct payment to be made to the Association.

5.7 Rental Pending Foreclosure. In any suit for the foreclosure of said lien, the Association shall be entitled to rental from the owner of any unit from the date on which the payment of any assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said unit without notice to the owner of such unit. The rental required to be paid shall be equal to the rental charged on comparable types of dwelling units in Orange Beach, Alabama. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the rate of ten percent (10%) per annum on any such advances made for such purposes. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association.

5.8 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

6.1 Name. The name of the Association is the SUN CHASE CONDOMINIUM ASSOCIATION, INC.

6.2 Powers and Duties. The operation and administration of the Condominium shall be by the Association, pursuant to the Act and also the Alabama Condominium Ownership Act of 1973. 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 By-Laws, Declaration of Condominium and other Condominium documents as they may be amended from time to time. The Association shall have the power to purchase a Unit of the Condominium. Without limiting the foregoing, the Association is specifically authorized to enter into agreements by which its powers and duties, or some of them, may be exercised or performed by some other person or persons. 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 reasonable 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, 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 is further authorized to provide adequate remedies for failure to pay such assessments.

The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or non-exercise of its powers. It shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of Unit Owners of the Condominium with reference to the common elements, the roof and structural components of a building or other improvement, and mechanical, electrical and plumbing elements serving an improvement or a building as distinguished from mechanical elements

serving only a Unit; and with reference to any and all other matters in which all the Unit Owners of the Condominium have a common interest.

6.3 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 a Unit Owner and by the delivery to the Association of a certified copy of the instrument establishing the change in ownership. The membership of a Unit Owner cannot be assigned or transferred in any manner except as an appurtenance to his Unit.

6.4 Voting Rights. Each unit shall be entitled to one (1) vote by the Owner or Owner's proxy. The vote of a Unit shall not be divisible. All votes shall be cast in accordance with the provisions set forth in the By-Laws. Should the Association be a Unit Owner, it shall not have the voting right for that Unit. It is expressly understood that a lessee shall have no vote and shall not be entitled to cast the vote of the Owner of the leased Unit.

6.5 Suspension of Member's Rights. No Member may vote at any meeting of the General Membership nor may a Member be elected to or serve on the Board of Directors nor may any Member, their guests or renters, use the common area amenities, if payment by such Member of any financial obligation to the Association is delinquent more than sixty (60) days and the amount necessary to bring the account current has not been paid at the time of such meeting or election or intention to use the common area amenities.

6.6 By-Laws. The Association and its members shall be governed by the By-Laws, as amended.

6.7 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.

6.8 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 nine (9) 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.

6.9 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 performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best 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.

6.10 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.

6.11 Contracts. Any professional management contract entered into by the Association 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.

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 the 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.

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

6.15 Assignment of Future Income. The Association may assign its right(s) to future income, including the right to receive common expense assessments.

ARTICLE VII OCCUPANCY, USE, AND LEASING RESTRICTIONS

7.1 Residential Use. Each Unit or any two or more adjoining Units used together shall be used only as a residence and shall be occupied only by the resident and his family and their guests as a residence and for no other purpose. 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.

7.2 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 or Occupant shall place, distribute, or maintain any sign, poster, or bill in any portion of the Common Elements outside his Unit without approval of the Board of Directors.

7.3 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 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.

7.4 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.

7.5 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; (2) that such lease or rental agreement shall be in writing; (3) only entire units may be rented and occupied only by the lessee and his family and guests; and (4) no individual rooms may be rented and no transient tenants may be accommodated. The Unit Owner shall furnish to the leasing or renting party a copy of the Rules and Regulations of the Association. It is expressly understood that the Owner or Owners shall at all times remain primarily liable to the Association for all common expenses and all assessments or other charges made against the leased or rented unit.

The above shall in no way restrict the leasing of units owned by a lender who acquired such unit by virtue of a default in a first mortgage, a foreclosing proceeding or any deed or other arrangement in lieu of foreclosure.

Each Unit Owner who has or who shall hereafter lease his unit hereby irrevocably empowers and authorizes the Association and/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 By-Laws, 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, sub-lessor or other party for any loss of rents or other damages resulting from the reasonable exercise of the provisions of this paragraph.

7.6 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 refusal.

7.7 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 unit.

7.8 Miscellaneous Restrictions.

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

B. 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.

C. Nothing shall be stored in or upon the Common Elements without prior consent of the Board, except in storage closets or areas or as otherwise herein expressly provided.

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

E. Nothing shall be done or kept in any Unit or in the Common Element 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.

F. 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.

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

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

I. 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.

J. 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.

K. Only Owners shall have animals or pets in any Unit or on any property of the Condominium. Animals or pets of any kind shall be kept in any Unit or any property of the Condominium subject to the rules and regulations adopted for keeping such pets by the Board of Directors of the Association. No animals shall be kept for commercial purposes and if an animal or pet does cause or create a nuisance of an unreasonable disturbance, said animal or pet shall be permanently removed from the property provided, that the Unit Owner has not been able to cure the nuisance within a reasonable period (e.g., 45 days) from the day the Unit Owner received 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.

L. 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.

M. 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.

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

O. There shall be no smoking in the swimming area nor shall there be any glass or other breakable containers or materials in the swimming pool area.

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:

A. *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 to 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 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.

B. *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 areas. 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.

C. *Drainage.* Each Unit shall have an easement as may be required to drain the Condominium Property adequately.

D. *Support.* Each Unit shall have an easement of support and necessity and shall be subject to an easement of support and of necessity, and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

E. *Encroachment.* If any portion of the Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common Elements, as a result of the construction of any building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any building, a valid easement for the encroachment and for the maintenance of the same shall exist so long as such building stands. In any event any building, any Unit, any adjoining Unit, or any adjoining Common Elements, shall be partially or totally destroyed as a result of fire, or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Elements upon any Unit or of any Unit upon another Unit or upon any portion of this 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**

9.1 *Maintenance by the Association.*

A. The Association, as a Common Expense, shall maintain, repair, and replace if necessary the following:

i. All portions of the Common Elements not the responsibility of a Unit Owner under the provisions of Paragraph 9.02, hereof.

ii. 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.

iii. Maintain, repair and replace all portions of a Unit, except interior surfaces and surfacing materials, contributing to the support of the building, which portions shall include, but not be limited to, the outside walls of the building and all fixtures thereon; and boundary walls of units, floors, load-bearing columns and load-bearing walls.

iv. Repair all incidental damage caused to a Unit in the performance of any of the foregoing work.

B. 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, such contract shall be subject to the provisions of paragraph 6.10 herein above.

9.2 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:

i. 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, exterior doors, exterior windows, hurricane shutters, if any, and all wall coverings and carpeting within a Unit.

ii. 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 not paint or otherwise decorate or change the appearance of any portion of the exterior of the building, including, but not limited to, the hurricane shutters, exterior doors and exterior windows, without written consent of the Association, and each Unit Owner will promptly report to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

C. Each unit owner shall provide the Association or its agent with a key to the entry door of his unit.

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

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

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

C. 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.

D. Not to make any addition or alteration to his Unit or to the 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.

E. To make alterations, additions, improvements, decoration, repair, replacement, or change to the 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, including glass or screen exterior doors affix to the entry ways to the units, 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 or the 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.

F. 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 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 and to correct the same; or, to determine compliance with the provisions of the Condominium Documents.

9.4 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 herein.

9.5 Repairs. The Association shall be responsible for the maintenance, repair, and replacement of the 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.

9.6 Addition, Alteration and Improvement. Except for repairs and maintenance of existing improvements, there shall be no addition, alteration, or further improvement of the Common Elements without the prior approval in writing of fifty-one percent (51%) of the votes of the Unit Owners. 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

10.1 Obligation to Purchase. The Association shall maintain insurance upon the Condominium Property, as provided for in the Alabama Condominium Ownership Act of 1973 and elsewhere in this Declaration. Unit Owners shall be advised of all insurance policies maintained by the Association.

10.2 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, state and federal insurance laws.

10.3 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.

10.4 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.

10.5 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.

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

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

B. 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.

C. 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 thirty (30) 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.

D. Provide that each Unit Owner is an insured person under the policy with respect to the liability arising out of his interest in the common elements or membership in the Association.

E. 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.

F. 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

G. Contain a standard mortgage clause which shall:

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

ii. Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Association or Unit Owners or any persons under any of them; and

iii. Waive any 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.

H. Any insurance trust agreement will be recognized.

10.7 Named Insured. The named insured on all policies of Specified Insurance shall be the Association, for the use and benefit of the individual owners in the percentages established by the Declaration. 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.

10.8 Property Damage Insurance. The Association shall maintain forms of insurance coverage which are for the benefit of the unit owners; however, said insurance coverage need not be an "All-In-One" policy described in Section 35-8A-313 of the Alabama Uniform Condominium Act of 1991 and/or any provision of the Alabama Condominium Ownership Act of 1973. The premium for such insurance shall be assessed to the Owners of Sun Chase Condominium on a pro rata basis and shall constitute a part of each Unit Owner's liability for common expense. The Association shall advise each Unit Owner of the type and amount of insurance coverage maintained by the Association. An insurance committee or trustee may be appointed by the Association and charged with responsibility of the proceeds of any such insurance. No Unit Owner or other person or entity having an insurable risk in Sun Chase Condominium shall be precluded from maintaining additional insurance, individually, at his or its own expense and for his or its own exclusive benefit, against any risk, whether or not covered by insurance maintained by the Association. Insurance maintained by the Association may include but shall not be limited to coverage of the entire Condominium property against loss by fire, wind storm, rain storm, flood and other such hazards as to which the Association may desire insurance coverage, and liability insurance against any risk, such as death, personal injury, or damage to property, faced by Unit Owners or by the Association by virtue of their individual common (or limited common, if any) ownership in or control over the Condominium property, including but not limited to the acts and omissions of the Association, its agents, servants and employees.

10.9 Public Liability Insurance. The Board of Directors of the Association shall secure Public Liability insurance in such amounts and with such coverage as shall be required by it.

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.

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. The Board shall secure and maintain fidelity bonds as it may deem necessary. Such fidelity bonds shall have their premiums paid as a Common Expense by the Association.

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 judgement 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 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.

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 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.

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:

A. Common Elements. An undivided share of the proceeds on account of damage to Common Elements shall be held for each Unit Owner, with such shares' 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 "A".

B. Units. Except as provided elsewhere in this Declaration, proceeds on account of damage to Units shall be held in the following undivided shares:

i. When the Condominium Property is to be restored, the proceeds shall be held for the Unit Owners of damaged Units with the share in the total proceeds being in the proportion that the cost of repairing the damage suffered by

such Unit Owners bears to the total cost of repair, which costs shall be determined by the Board.

ii. 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 "A".

C. *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 interest 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:

A. *Reconstruction or Repair.* First, if the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof. Any proceeds remaining after defraying such costs, if in excess of \$3,000.00, 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.

B. *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 proceeds, if in excess of \$3,000.00 per unit, 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 AFTER CASUALTY

11.1 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.

11.2 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:

- A. The Condominium is terminated in accordance with the Act;
- B. Repair or replacement would be illegal under any state or local statute or ordinance covering health or safety; or
- C. One hundred percent (100%) of the Unit Owners, including every Owner of a Unit 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.

11.3 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.

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

Association shall obtain reliable and detailed estimates of the cost to repair or rebuild so as to place the damaged property in condition as good as that before the casualty.

11.5 Assessments for Reconstruction and Repair. If the proceeds of insurance are not sufficient to defray completely the estimated cost of reconstruction and repair by the Association, Additional Assessments shall be levied against all Unit Owners in sufficient amount to provide funds for the payment of such estimated costs. Additional 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. Additional Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as an Assessment.

11.6 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/or Additional Assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

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

B. *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.

C. Surplus. It shall be presumed that the first moneys distributed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be retained by the Association and shall be solely utilized for the payment of the common expenses of the Association.

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 By-Laws and this Declaration) that represent at least fifty one percent (51%) 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 equal to the fractional undivided interest in the common elements assigned to each Unit.

ARTICLE XIII EMINENT DOMAIN/CONDEMNATION

13.1 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.

13.2 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.

13.3 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 disbursements of funds by the Association after damage to the Common Elements.

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

A. Restoration of Unit. The Unit shall be made habitable. If the cost of the restoration exceeds the amount of the award and if 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 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 XIV
NOTICE OF LIEN OR SUIT**

14.1 Notice of Lien. A Unit Owner shall give notice in writing to the Secretary of the Association of every lien on his unit, other than liens for Mortgages, taxes, and special assessments, within five (5) days after the Unit Owner's receipt of notice thereof.

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

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

**ARTICLE XV
RULES AND REGULATIONS**

15.1 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 By-Laws, the Rules and Regulations of the Association, and any contract wherein the Association is a party, as well as to any amendments to any of the foregoing. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to an action for damages or injunctive relief, or both, in addition to other remedies provided in the Condominium Documents and the Act.

15.2 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 By-Laws. In the event a Unit Owner fails to maintain his Unit in the manner required in the Condominium documents and any rules and regulations of the Association, the Association, through the Board of Directors, shall have the right to assess the

Unit Owner and the Unit for the sums necessary to do the work required to effect compliance and to collect, and enforce the collection of a Special Assessment 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.

15.3 *Negligence.* A Unit Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness or by that of any member of his family, his lessees, or his or their guests, invitees, employees, or agents, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire and casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit or the Common Elements. The liability for such increases in insurance rates shall equal five times the first resulting increase in the annual premium rate for such insurance.

15.4 *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 XVI GENERAL PROVISIONS PERTAINING TO MORTGAGES

16.1 *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 owned by the Owner of any Unit on which it holds the mortgage.

C. Any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

Additionally, the Association agrees to provide to any holder of a first mortgage on a unit in the Condominium upon request the following rights:

i. the right to inspect the books and records of the Association during normal business hours; and

ii. the right to receive a copy of an annual audited financial statement of the Association within 10 days following the receipt of such statement for the prior year.

16.2 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 XVII COVENANT AGAINST PARTITION

There shall be no judicial or other partition of the Condominium Property or any part thereof, nor shall 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 XVIII
AMENDMENT OF THE DECLARATION**

18.1 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. Members not present at the meeting considering the amendment may express their approval or disapproval in writing, provided such writing is delivered to the Secretary at or prior to the meeting.

18.2 Resolution and Adoption. A resolution adopting a proposed amendment may be proposed by either a majority of the Board of Directors of the Association or the members of the Association, and after being so proposed, it must then be approved by the members of the Association in accordance with the second paragraph of this section (e.g., 18.02).

This document may be amended under the terms hereof or the Act. This Declaration may be altered, amended or repealed or a 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.

18.3 Prohibited Amendments. No amendment that is in conflict with the Act shall be adopted.

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

**ARTICLE XIX
MISCELLANEOUS**

19.1 Intent. In the event that 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 By-Laws, the Articles, and all other instruments and exhibits attached to or made a part of this Declaration.

19.2 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.

19.3 Severability. The invalidity in whole or in part of any covenant or restriction or any paragraph, subparagraph, sentence, clause, phrase, word, or other provision of this Declaration, the Articles, the By-Laws, any rules and regulations of the Association promulgated pursuant thereto, and any 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.

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

19.5 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.

19.6 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.

19.7 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.

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

19.9 Captions and Construction. The captions used in the Condominium documents are inserted solely as a matter of convenience and reference and shall not be relied on and/or used in construing the effect or meaning of any of the text of the Condominium documents. Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of gender shall be deemed to include all genders.

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

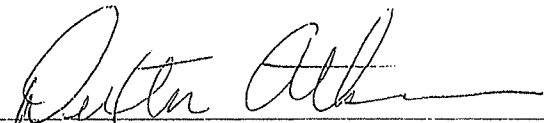
19.11 Rights of Action. The Association and any aggrieved unit owner shall have the right of action against unit owners who fail to comply with the provisions of the Declaration, By-Laws, Rules and Regulations, the Act, and other condominium documentation. Unit estate owners shall have the right of action against the Association for its failure to comply with the

provisions of the Declaration, By-Laws, Rules and Regulations, the Act, and other condominium documentation. In the event that the Condominium documents give 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.

19.12 Applicability. Each unit estate owner shall be subject to all rights and duties assigned to owners under the terms of the Condominium documents.

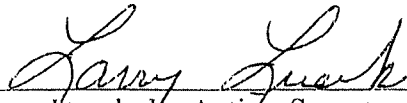
IN WITNESS WHEREOF, the Declarant has caused this Declaration of Condominium to be executed on this 28th day of March, 2008.

SUN CHASE CONDOMINIUM
ASSOCIATION, INC.



BY: Dexter Akinson, Its President

ATTEST:



BY: Larry Lueck, Its Acting Secretary

STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, a Notary Public in and for said County in said State; hereby certify that Dexter Akinson and Larry Lueck whose names as President and Acting Secretary, respectively, of SUN CHASE CONDOMINIUM ASSOCIATION, INC., are signed to the foregoing instrument and who are known to me, acknowledged before me on this day, that being informed of the contents of said instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said non profit corporation on the day the same bears date.

Given under my hand and seal this the 28th day of March, 2008.



Tyson B. Whiteford
Notary Public

My Commission Expires: 7/8/09

This Instrument Prepared By:
Daniel H. Craven, P.C.
Attorney at Law
Post Office Drawer 4489
Gulf Shores, AL 36547
Voice: 251-968-8170
Fax: 251-968-4837
E-mail: dhclaw@gulftel.com

EXHIBIT A

PERCENTAGE OF OWNERSHIP OF COMMON ELEMENTS

Subject to the provisions of the Declaration of Condominium and the provisions of this Exhibit "A", the Owner or Owners of each Unit within the Condominium shall own, as an appurtenance to each such Unit, an undivided interest in the Common Elements of the Condominium equal to the following fraction:

One divided by the number of total units in the Phase or Phases then submitted to the Condominium form of Ownership. Each Unit shall be entitled to one vote by the Owner or Owner's proxy in all Association matters.

EXHIBIT B

To the extent that this Exhibit B does not conflict with the Amended Declaration of Condominium of SUN CHASE, a Condominium, this Exhibit B adopts all previously recorded filings, exhibits and amendments, including but not limited to, all drawings, plats and plans of Condominium development as recorded in the records of the Judge of Probate of Baldwin County, Alabama.

EXHIBIT C

Amended By-Laws of the SUN CHASE CONDOMINIUM ASSOCIATION, INC.

STATE OF ALABAMA)

COUNTY OF BALDWIN)

BALDWIN COUNTY, ALABAMA
JUDGE ADRIAN T. JOHNS
Filed/cert. 3/28/2008 3:06 PM
TOTAL \$ 91.00
27 Pages

1107549

AMENDED BY-LAWS

OF

SUN CHASE CONDOMINIUM ASSOCIATION, INC.



ARTICLE I
PURPOSE AND APPLICATION

1.1 Purpose and Application. The following are the amended By-Laws of SUN CHASE CONDOMINIUM ASSOCIATION, INC., hereinafter referred to as the "Association," a not for profit corporation, formed for the purpose of managing and operating a certain condominium located in Baldwin County, Alabama, known as Sun Chase, a Condominium, hereinafter referred to as the "Condominium."

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

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

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

**ARTICLE II
PRINCIPAL OFFICE AND REGISTERED AGENT**

2.1 Principal Office. The principal office of the Association shall be at the Condominium property in Baldwin County, Alabama, in the place provided there for, or at such other place as may be determined by the Board of Directors. All books and records of the Association shall be kept at its principal office.

2.2 Principal Agent. The principal agent of the Association and the person designated as the agent to receive service of process upon the Association is ~~Linda Fressler, whose address is Young's Suncoast Realty, 409 East Beach Boulevard, Gulf Shores, AL 36542.~~

Pugh's Bookkeeping P.O. Box 1876 Gulf Shores AL 36547
P.O. Box 1617

**ARTICLE III
DEFINITIONS**

3.1 Declaration Defined. "Declaration" shall mean that certain Declaration of Condominium of Sun Chase (A.K.A. Declaration of Condominium of Blue Water Development Corporation), a Condominium, filed in the Office of the Judge of Probate of Baldwin County, State of Alabama, in Book 44, Pages 1349 - 1383 and this amended Declaration of Condominium filed in the same Office as Instrument Number _____.

3.2 Other Terms Defined. Other terms used herein shall have the meaning given to them in the Declaration, as amended and are hereby incorporated by reference and made a part hereof.

**ARTICLE IV
MEMBERSHIP**

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

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

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

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

ARTICLE V MEETINGS OF MEMBERS

5.1 Annual Meeting. The annual meeting of the members shall be held ~~on the last Saturday of September of each year,~~ at the place, and at the time, as determined by the Board of Directors, provided that there shall be an annual meeting every calendar year and not later than thirteen (13) months after the last preceding annual meeting. The purpose of the annual meeting shall be to elect the Directors and/or to transact any other business authorized to be transacted by the Members or stated in the notice of the meeting sent to the Members in advance thereof.

The time of holding the annual meeting of members may be changed at any time prior to fifteen (15) days before the regular day for holding such meeting provided that notice of such change is mailed to each member of record of the Association, at such address as appears on the records of the Association, not less than ten (10) days nor more than thirty (30) days before the holding of such meeting.

5.2 Special Meeting. Special meetings of the Members may be called at any time by the President, a majority of the Board of Directors, or on receipt by the Board of a written

request of Members representing at least twenty-five percent (25%) of the total votes of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

5.3 Notice of Meeting. Notice of all meetings of Members shall state the time and place of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or By-Laws, any budget changes, and any proposal to remove an officer or a member of the Board. Notices shall be prepared and delivered by or at the direction of the Secretary, and may be delivered either personally or by mail to a Member at the address given to the Board by said Member, or to the Member's Unit if no such address has been given to the Board. Notice of the annual meeting and special meetings shall be mailed or delivered to each Member not less than ten (10) days prior to the meeting. No notices of annual or special meetings shall be mailed or delivered more than thirty (30) days prior to such meeting. A copy of the notice of any meeting of Members shall also be posted in a conspicuous place on the Condominium Property at least seven (7) days prior to the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice.

5.4 Waiver of Notice. Any Member or mortgagee may waive the right to receive notice of the annual meeting by sending a written waiver to the Board of Directors. Notice of specific meetings may be waived before or after the meeting, orally or in writing. Attendance by a Member at an annual or special meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

5.5 Quorum. A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding fifty-one percent (51%) of the votes entitled to be cast at such meeting (in accordance with the percentages assigned in the Declaration) are present at the beginning of such meeting, except as otherwise provided by law, by the Articles of Incorporation, by the Declaration of Condominium, or by the By-Laws.

5.6 Adjournment for Lack of Quorum. In the absence of a quorum at any meeting of members, a majority of those Members entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than

announcement of the meeting, until the requisite number of members, present in person or by proxy, shall be present. At such adjourned meeting at which the requisite number of votes shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed, if a quorum is present when the meeting is reconvened.

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

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

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

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

ARTICLE VI MEMBER'S VOTING RIGHTS

6.1 Number of Votes. Voting shall be on the basis of one (1) vote per unit by owner or owner's proxy and as presently constituted there would be thirty-six (36) potential votes.

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

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

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

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

B. If only one such owner is present at a meeting, that person shall be entitled to cast the vote pertaining to the Unit.

C. If more than one such owner is present at the meeting, and they concur, any one such owner may cast the vote for the Unit.

6.5 Voting by Proxy. Votes may be cast in person or by proxy, as provided for in the Act. All proxies must be in writing, dated, signed by the Member generating the proxy, and filed

with the Secretary of the Association before the appointed time of any meeting to which it applies. Proxies shall be valid only for the particular meeting designated therein.

ARTICLE VII BOARD OF DIRECTORS

7.1 Number. The affairs of this Association shall be conducted by a Board of Directors which shall consist of not less than three (3) nor more than nine (9) members, all of whom shall be a person entitled to cast a vote in the Association. The number of Directors shall from time to time, be determined and fixed by vote of a majority of the voting rights present at any annual meeting of the members.

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

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

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

7.5 Term. The Board of Directors shall presently consist of five (5) Directors. The By-Laws may be amended from time to time as provided for herein to establish the number of Directors at a minimum of at least three (3) Directors and not more than five (5) Directors.

Directors shall be elected at the annual meeting of the Members or at a special meeting called for that purpose. Each Director elected by the Members shall hold office for a two (2) year, staggered term. Each Director shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall have resigned or shall have been removed, as provided for herein. Each Director shall be a member of the Association.

7.6 Vacancies. Any vacancy in the position of a Director (except for vacancies created by removal of directors by members) elected by the Members of the Association shall be filled by a majority vote of the remaining Directors, and any Director so elected shall serve to the next annual meeting.

7.7 Removal. Any Director may be removed for cause by the concurrence of two-thirds ($\frac{2}{3}$) of the votes of the Association in accordance with the provisions of the Act. The vacancy in the Board of Directors so created shall be filled by the Members at the same meeting and in the same manner as was provided at the election of the removed Director.

7.8 Compensation. A Director shall not receive any compensation for any service they may render to the Association as a Director; however, Directors may be reimbursed for actual out-of-pocket expenses incurred by them in the performance of their duties. No Director can be an employee of the Association unless a Director and the Association have entered into an Independent Contractor Agreement for a term not to exceed one (1) year and said Agreement is disclosed to the Members and the Members may vote to terminate said Agreement at any meeting of the General Membership upon the approval of the Members comprising at least a majority of the votes in the Association.

ARTICLE VIII MEETINGS OF DIRECTORS

8.1 Regular Meetings. Regular meetings of the Board of Directors shall be periodically held at such place and time as the Board shall designate. Notice of the regular meetings shall be given to each Director, personally or by mail, telephone, or e-mail and shall be transmitted at least three (3) days prior to the meeting. Additionally, the organization meeting of the newly elected or designated Board of Directors shall be held within ten (10) days of their

election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary, provided a quorum shall be present.

8.2 Special Meetings. Special meetings of the Directors may be called by the President at any time, and must be called by the President or Secretary at the written request of one-third ($\frac{1}{3}$) of the votes of the Board of Directors. A notice of the meeting stating the time, place and purpose of the meeting shall be given to each Director, personally, by mail, or by telephone, at least three days (3) prior to the meeting.

8.3 Open Meetings. All meetings of the Board of Directors shall be open to all members of the Association.

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

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

8.6 Action Without Meeting. Any action permitted or required to be taken at a meeting of the Directors may be taken without a meeting if written consent setting forth the

action so taken shall be signed by all the Directors, and filed with the minutes of the proceedings of the Board.

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

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

8.9 Order of Business. The order of business at Directors' meeting shall be:

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

ARTICLE IX POWERS AND DUTIES OF THE DIRECTORS

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

- A. To elect and remove officers of the Association as hereinafter provided.

B. To administer the affairs of the Association and the Condominium Property.

C. To maintain bank accounts on behalf of the Association and to designate signatories required therefor.

D. To sell, lease, mortgage, or otherwise deal with Units acquired by the Association.

E. To pay the cost of all taxes and utilities assessed against the Condominium that are not assessed and billed to the owners of individual Units.

F. To borrow money on behalf of the Association, from time to time, at their discretion and without the approval of the unit owners, in order to meet the financial needs of the Association and when required in connection with the operation, care and upkeep and maintenance of the Common and Private Elements.

G. To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Unit Owners to defray the costs, expenses, and losses for the Condominium, and to provide adequate remedies for failure to pay such assessments.

H. To use the proceeds of the Assessments in the exercise of its powers and duties.

I. To maintain, repair, replace, and operate the Condominium Property, including the reasonable right of entry upon any unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to grant permits, licenses, and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

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

K. To reconstruct improvements after casualty and to further improve the Property.

L. To make and amend reasonable Rules and Regulations respecting the use of the Property and the operation of the Condominium.

M. To enforce by legal means the provisions of the Act, the Declaration, the Articles of Incorporation, these By-laws, and the Rules and Regulations for the use of the Property.

N. To contract for a term not in excess of two years for the management of the Property and to delegate to such managing agent all powers and duties of the Association except such as are specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

O. To contract for a term not in excess of two years for the management or operation of portions of the Common Elements of the Condominium susceptible to separate management or operation, and to lease such portions.

P. To retain attorneys and accountants.

Q. To employ personnel to perform the services required for proper operation of the Condominium.

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

S. To maintain a class action and to settle a cause of action on behalf of owners with reference to the Common Elements, the roof and structural components of a

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

T. To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure Directors' and Officers' liability insurance, if the Board deems it advisable, and the premiums of such bonds and insurance shall be paid by the Association as common expenses.

U. To retain a certified public accounting firm to perform an annual audit of the financial activities of the Association.

9.2 Committees. The Board of Directors may, by resolution, appoint such committees as deemed appropriate in carrying out its duties and responsibilities, and such committees shall have the powers to the extent provided in the resolution designating such a committee. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors and the Board of Directors shall review and act on such committee's information and recommendations as it deems appropriate.

9.3 Managing Agent. The Board of Directors shall be authorized to employ the services of a manager or managing agent for a term not in excess of two years, who may be an employee of the Association, or an independent person or firm qualified to manage the Property and affairs of the Condominium under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

ARTICLE X OFFICERS

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

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

10.3 Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

10.4 Resignation and Removal. Any Officer may be pre-emptively removed from office, at any meeting, by the vote of a majority of the Directors. Any Officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

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

10.7 Duties of the President. The President, who shall be a Director, is the Chief Executive Officer of the Association, and shall have all of the powers and duties that are usually

vested in the office of President of a condominium association, including, but not limited to the following powers:

- A. To preside over all meetings of the Members and of the Board.
- B. To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.
- C. To call meetings of the Board whenever he deems it necessary in accordance with the rules.
- D. To have the general supervision, direction and control of the affairs of the Association.
- E. To, along with the Secretary, prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.
- F. To, along with the Secretary, share all duties and responsibilities as set forth in Section 10.10 herein.

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

- A. To perform the duties and exercise the powers of the President, in the absence or disability of the President.
- B. To assist the President in the exercise of his powers and the performance of his duties.
- C. To perform such other duties as shall be prescribed by the Directors.

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

A. To keep a record of all meetings and proceedings of the Board and of the Members.

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

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

D. To keep current records showing the Members of the Association together with their addresses.

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

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

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

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

B. To be responsible for and supervise the maintenance of books and records to account for such funds and other Association assets.

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

D. To prepare and distribute the financial statements for the Association.

E. To prepare a record of all receipts and expenditures.

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

G. The Treasurer's records shall be available for examination by any member of the Association at convenient hours of week days.

ARTICLE XI FISCAL MANAGEMENT

11.1 Fiscal Year. The fiscal year of the Association shall be the calendar year.

11.2 Annual Budget. The Board of Directors shall adopt a budget for each calendar year in accordance with the Act. The annual budget of the Association shall be detailed and shall show the amounts budgeted by accounts and expense classifications. Expenses shall be estimated for each category and item of the Common Expenses. The budget shall also include reserve accounts for capital expenditures, deferred maintenance, reserves, and contingencies. The amount reserved shall be computed by means of a formula that is based on the estimated life and estimated replacement cost of each reserve item. The budget shall also set forth each Unit Owner's proposed Assessments for Common Expenses. Copies of the budget and proposed assessments shall be transmitted to each Member on or before December 1, preceding the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned.

11.3 Adoption of the Annual Budget. The Board of Directors shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association. Within thirty (30)

days, however, no later than December 1, after adoption of any proposed budget for the Condominium, the Board shall provide a copy of the budget to all Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) days nor more than thirty (30) days after delivery or mailing of the proposed budget to the Unit Owners. Unless at that meeting a majority of all Unit Owners present in person or by proxy reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. The Board shall furnish copies of the final annual budget to each Unit Owner with thirty (30) days after the adoption.

11.4 Assessments. Assessments for Common Expenses shall be made in accordance with the Declaration, the Act, and these By-Laws. The assessments for recurring common expenses which include, but are not limited to, expenses for administration, maintenance, repair or replacement of common elements, including reserves, shall be made by the Board of Directors for the calendar year annually in advance, on or before December 20, preceding the year for which the assessments are made, based on the budget projections transmitted to the members of the Association. Such assessments shall be due from each unit owner in equal monthly installments on the first day of each month of the year for which assessments are made. If such assessment is not made by the Board of Directors as required, an installment in the amount required by the last prior assessment shall be due upon each installment payment date until changed by a new assessment. In the event an annual assessment proves to be insufficient, it may be amended at any time by the Board of Directors and notice thereof shall be made in accordance with the provisions of Section 19.5 of the Declaration of Condominium, and the amended assessment for the remaining portion of the calendar year shall become effective upon the due date of the next monthly installment. No Unit Owner shall be relieved of his obligation to pay his Assessment by abandonment of his Unit or lack of use of the Common or Limited Common Elements. The assessment assigned to each Unit Owner cannot be withdrawn or separately assigned but shall be deemed to be transferred with such unit even though not expressly mentioned or described in the conveyance thereof.

11.5 Reserve for Replacements. The Association shall establish and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common

Elements and those Limited Common Elements which the Association may be obligated to maintain. The fund shall be maintained out of regular assessments.

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

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

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

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

11.10 Default.

A. In the event an owner of a unit does not pay any sums, charges or assessments required to be paid to the Association within thirty days (30) days from the due date, the Association may foreclose the lien encumbering the unit created by non-payment of the required monies in the same fashion as mortgage liens on real estate are foreclosed; provided that thirty (30) days prior notice of the intention to foreclose shall be mailed, postage prepaid, to the Unit Owner and to all persons having a mortgage lien or other interest of record. The Association shall be entitled to the appointment of a Receiver, if it so requests. The Association shall have the right to bid in the unit at a

foreclosure sale and to acquire, hold, mortgage and convey the same. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment, brought by or on behalf of the Association against a Unit Owner. In any action either to foreclose its lien or to recover a money judgment, brought by or on behalf of the Association against a unit owner, the unsuccessful unit owner defendant, shall pay the cost thereof together with a reasonable attorney's fee.

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

11.11 Assessments for Emergencies. If during the course of any fiscal year, it shall appear to the Board of Directors that emergency expenditures cannot be paid from assessments for recurring expenses, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall be delivered to each Unit Owner and thereupon a supplemental Assessment shall be made to each Unit Owner for his proportionate share of the supplemental budget.

11.12 Annual Statement. Within ninety (90) days after the end of each calendar year, the Board shall cause to be furnished to each Unit Owner, a statement for the year so ended showing the receipts and expenditures of the Association, and such other information as the Board may deem desirable. This annual statement shall be prepared by a certified public accountant, who is not a member of the Association.

11.13 Accounting Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the requirements of the Act. The Board shall cause to be kept, in accordance with generally accepted accounting principles, a record of all

receipts and expenditures; and a separate account for each Unit showing the Assessments or other charges due, the due dates thereof, the present balance due, and any interest in common surplus. Such records shall be open to inspection by Unit Owners and his authorized agents at reasonable times.

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

11.15 Fidelity Bonds. Fidelity bonds shall be required by the Board from all officers and employees of the Association and from any manager handling or responsible for Association funds and from any employee, agent or subcontractor of a manager handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall be at least the amount of the total annual Assessments against Members for recurring expenses. The premiums on such bonds shall be paid by the Association. The terms of the bonds must meet the following requirements:

- A. fidelity bonds shall name the Association as an obligee;
- B. the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions;
- C. the bonds shall provide that they may not be cancelled or substantiality modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the Association or if applicable, to any Insurance Trustee and each holder of a first mortgage on units in the Condominium.

11.16 Lender's Notices. Upon receipt of written notification addressed to the Association, identifying the name and address of the eligible mortgagee, insurer, or guarantor, and the unit owner and unit number; any eligible mortgagee, insurer, or guarantor, shall be entitled to timely written notice of:

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

B. Any proposed action that requires the consent of a specified percentage of eligible mortgagees.

C. Any condemnation loss or any casualty loss which affects a material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgagee or eligible insurer or guarantor, as applicable.

Additionally, such eligible mortgagees, and insurers and/or guarantors of such first mortgages, shall be entitled upon request to current copies of the Condominium Declaration, By-Laws, other rules concerning the project, and the books, records and financial statements of the Association within a reasonable period of time after such request.

11.17 Record of Mortgages. The Association shall keep a record of eligible mortgagees, insurers, and guarantors of first mortgages on units, which record shall include a copy of such mortgage or shall contain the identity and address of the eligible mortgagee, the number of the unit covered by such mortgage, the name of the unit owner, and the date of the mortgage; provided, however, that the Association shall have no liability or obligation to include in such record any mortgage information with regard to a mortgage unless a copy of the mortgage has been furnished to it.

ARTICLE XII OWNER OBLIGATIONS AND COVENANTS

12.1 Assessment. Every owner of any Unit in the Condominium shall contribute pro rata toward the expense of administration, maintenance, alteration, repair and improvement of

the Condominium, as provided in the Articles, the Declaration or these By-Laws. Each assessment against a Unit shall also be the personal obligation of the Owner at the time the assessments fell due. Such personal obligation shall not pass to successors in title unless assumed by such successors, or required by applicable law.

12.2 Maintenance and Repair. The necessary maintenance, repair and replacement of the unit buildings and common elements of the condominium property and the alteration and improvement thereof, shall be carried out as provided in the Declaration of Condominium and these Bylaws.

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

Every owner must perform promptly all maintenance and repair work within his own unit, which if omitted would affect the condominium in its entirety or in a part belonging to other owners and is expressly responsible for the damages and liabilities that his failure to do so may engender. All of the repairs of internal or appurtenant installations of the unit such as water, light, power, air conditioning, heat, sewage, telephones, sanitary installations, doors, windows, lamps and all other accessories belonging to the unit area shall be maintained at the owner's expense.

12.3 Right of Entry. The manager, if any, and any person authorized by the Board of Directors shall have the right to enter each unit in case of any emergency originating in or threatening such unit, or when entry is necessary to prevent damage to the unit entered or other units whether or not the owner or occupant is present at the time. Every unit owner and occupant when so required, shall permit other unit owners or their representatives to enter his unit at reasonable times for the purpose of performing authorized installations, alterations, or repairs to the common elements therein for central services provided that requests for entry are made in advance.

12.4 Use. The Condominium Property shall be utilized in accordance with the provisions of the Declaration, these By-Laws, and the rules and Regulations of the Association. In the event of the failure of any owner so to do, the Association may sue to recover sums due, and/or damages, and/or injunctive relief, and for its costs and expenses therein, including a reasonable attorney's fee.

12.5 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; (2) that such lease or rental agreement shall be in writing; and (3) that such lease or rental agreement shall have been approved, in writing, by the Board of Directors prior to its commencement.

Each Unit Owner who has or who shall hereafter lease his unit hereby irrevocably empowers and authorizes the Association and/or its managing agent to enforce the rules and regulations of the 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, the Declaration, these By-Laws, Rules and Regulations of the Association, or any contract for lease and/or rental. The Association, the Board of Directors or its managing agent shall not become liable to any unit owner, sub-lessor or other party for any loss of rents or other damages resulting from the reasonable exercise of the provisions of this paragraph.

ARTICLE XIII RULES AND REGULATIONS

13.1 Rules and Regulations. The Board of Directors may from time to time adopt, modify, amend, or add to the rules and regulations concerning the use of the Condominium Property. Copies of such rules and regulations, or any amendments, additions, or modifications, shall be delivered to each Unit Owner not less than fourteen (14) days prior to the effective date thereof. No rule or regulation that is in conflict with the Declaration or Act shall be adopted.

**ARTICLE XIV
AMENDMENTS TO THE BY-LAWS**

14.1 Amendment. These By-Laws may be amended in the manner set forth in Section 19 of the Declaration of Condominium; however, notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

14.2 Adoption. These By-Laws may be altered, amended, or repealed or new By-Laws may be adopted by at least a majority of the Board. However, before becoming effective, the Amendment must be approved by at least a majority of the owners, present in person or by proxy, at a meeting duly called for such purpose. The By-Laws may also be amended by at least a majority vote of the owners, present in person or by proxy, at any duly called meeting of the Association, provided, however, that specific notice of the proposed amendment revisions have been provided to the Members with the notice calling the meeting.

14.3 Prohibited Amendments. No amendment that is in conflict with the Articles, the Declaration, or the Act shall be adopted.

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

**ARTICLE XV
MISCELLANEOUS**

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

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

15.3 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, the Declaration, or these By-Laws or the laws of the State of Alabama applicable to this Condominium. The Board may propose to use the simplified rules of order as contained in Roberts Rules of Order for any meeting of the Association and unless such proposal is objected to by not less than twenty-five percent (25%) of voting members in attendance, the simplified rules shall be in effect.

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

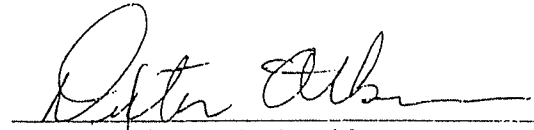
15.5 Compliance. These By-Laws are set forth to comply with the requirements of the Alabama Nonprofit Corporation Act and the Alabama Uniform Condominium Act of 1991, and shall be considered an appendage to the Declaration filed prior hereto into accordance with said Acts. In case any of these By-Laws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

15.6 Repealer. All previous By-Laws of this Association are hereby repealed.

The foregoing By-Laws were adopted as the By-Laws of SUN CHASE CONDOMINIUM ASSOCIATION, INC. These By-Laws were previously duly proposed and approved by the Board of Directors, and then approved by at least a majority vote of the membership of the Association, under the provisions of the Declaration of Condominium.

This the 28th day of March, 2008.

SUN CHASE CONDOMINIUM
ASSOCIATION, INC.



BY: Dexter Akinson, Its President

ATTEST:



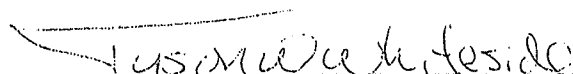
BY: Larry Lueck, Its Acting Secretary

STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, a Notary Public in and for said County in said State, hereby certify that Dexter Akinson and Larry Lueck whose names as President and Acting Secretary, respectively, of SUN CHASE CONDOMINIUM ASSOCIATION, INC., are signed to the foregoing instrument and who are known to me, acknowledged before me on this day, that being informed of the contents of said instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said non profit corporation on the day the same bears date.

Given under my hand and seal this the 28th day of March, 2008.


Notary Public

My Commission Expires: 7/8/09

This Instrument Prepared By:
Daniel H. Craven, P.C.
Attorney at Law
Post Office Drawer 4489
Gulf Shores, AL 36547
Voice: 251-968-8170
Fax: 251-968-4837
E-mail: dhclaw@gulftel.com

Sunchase Condominium Rules

1. Guests must have valid parking pass visible through front windshield.
2. Vehicles without valid pass displayed are subject to being towed at owner's expense. \$9.56
3. No boats, trailers, jet skis, RV's, ect. are allowed to be parked or stored on Sunchase property.
4. Pool hours are 9:00am to 11:00pm.
5. Absolutely no glass allowed in the pool area.
6. Pool bracelets must be worn by everyone in the pool area.
7. All children 12 and under must be accompanied by a responsible adult.
8. No diving, running or rough play is allowed.
9. Smoking is NOT permitted, nor loud music in the pool area.
10. Do not throw cigarette butts on ground-use cans provided.
11. No grilling on decks-use charcoal grills provided.
12. No skateboards, scooters or rollerblades allowed.
13. No running, loud noise, or rough play allowed on walkways, decks, corridors or stairwells at any time.
14. Quiet time should be observed from 10:00pm to 8:00am for the enjoyment of all guests.