

STATE OF ALABAMA
COUNTY OF BALDWIN

DECLARATION OF CONDOMINIUM
OF
SEAWIND CONDOMINIUMS

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:
2006 August -11 3:11PM
Instrument Number 993784 Pages 67
Recording 261.00 Mortgage
Deed Min Tax
Index Df 5.00
Archive 5.00
Adrian T. Johns, Judge of Probate

IN ORDER TO ESTABLISH A CONDOMINIUM on certain Real Property situated in the City of Gulf Shores, Baldwin County, Alabama, pursuant to the Alabama Uniform Condominium Act of 1991, SEAWIND DEVELOPMENT CO., L.L.C., an Alabama limited liability company, ("Developer") hereby makes the following Declaration:

DEFINITIONS

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

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

1.02. "Articles" means the Articles of Incorporation of the Seawind Condominiums Owners Association, Inc. recorded in the Office of the Judge of Probate of Baldwin County, Alabama, identified as EXHIBIT "C" attached hereto and made a part hereof as if set out fully herein.

1.03. "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.

1.04. "Association" means Seawind Condominiums Owners Association, Inc., an Alabama not for profit corporation, and its successors, and is the corporation organized under the Act.

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

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

1.07. "Bylaws" means the duly adopted Bylaws of the Association, identified as EXHIBIT "D" attached hereto and made a part hereof as if set out fully herein.

1.08. "Common Elements" means all portions of the condominium other than the Units.

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

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

1.11. "Condominium" means SEAWIND CONDOMINIUMS and consists of the Condominium Property submitted to the condominium form of ownership by this Declaration.

1.12. "Condominium Documents" means the Declaration, Bylaws, Articles and all Rules and Regulations adopted by the Association and all Exhibits attached thereto as the same may be amended from time to time.

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

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

1.15. "Developer" means Seawind Development Co., L.L.C., an Alabama limited liability company, and its successors and assigns.

1.16. "Development" shall have the same meaning as "Condominium Property" or "Property".

1.17. "Eligible Mortgagee" means any Mortgagee who has submitted to the Association a written request for notice of any proposed action concerning the Condominium.

1.18. "Limited Common Element" shall have the same meaning as is defined in the Act and as set out in this Declaration.

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

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

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

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

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

1.24. "Real Property" means the Real Property which is submitted to the condominium form of ownership as provided herein.

1.25. "Rules and Regulations" means those rules and regulations made and amended by the Board respecting the use of the Property and the operation of the Condominium.

1.26. "Special Declarant Rights" shall have the meaning as is defined in the Act and as set out in the Declaration.

1.27. "Unit" or "Private Element" shall have the meaning as "Unit" is defined in the Act. The Units are designated on the Plans.

1.28. "Unit Owner" means any Person (including the Developer) who owns a Unit but does not include a Person having an interest in a Unit solely as security for an obligation.

1.29. "Utility Services" shall include but not be limited to electrical power, water, gas, garbage and sewage disposal.

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

NAME

2.01. The name by which this Condominium is to be known is Seawind Condominiums. The Condominium is located on East Beach Boulevard, in the City of Gulf Shores, County of Baldwin, State of Alabama.

THE REAL PROPERTY

3.01. The Real Property owned by the Developer, which is herewith submitted to the condominium form of ownership, is that certain parcel of Real Property lying in Baldwin County, Alabama, more particularly described in EXHIBIT "A", which is attached hereto and expressly made a part hereof as though fully set forth herein.

The Real Property is subject to the following:

A. Zoning, planning and other restrictions, regulations and other limitations imposed on the REAL PROPERTY, or the use thereof, by or under the Federal Coastal Zone Management Act, or other federal law or regulation, the Alabama Department of Environmental Management and other agencies of the State of Alabama, the government of Baldwin County, the zoning and other regulations of the City of Gulf Shores, and any other governmental authorities having jurisdiction over the Real Property.

B. Current ad valorem taxes not yet due and payable.

C. The rights of the public, if any, to use as a public beach or recreation area any part of the Real Property which lie between the body of water of the Gulf of Mexico and the natural line of vegetation, dunes, extreme high water line or other apparent boundary lines separating the publicly used area from the upland private area.

D. Rights of the United States of America, State of Alabama or other parties in and to the bed, shore and water of the Gulf of Mexico.

E. The nature and extent of the riparian rights, shore rights, littoral rights, and accretions incident to the Real Property or title to that portion of the Real Property, if any, lying below the mean high tide line of the Gulf of Mexico.

F. Any easements which may be granted to public authorities and/or utility companies to provide for utility lines, equipment, etc., for utilities serving the Condominium, including easement to Baldwin County Electric Membership Corporation by instrument recorded as instrument No. 483905.

G. Easements or claims of easements not shown by the public records.

H. Encroachments, overlaps, boundary line disputes, and any other matter which would be disclosed by an accurate survey or inspection of the Real Property.

I. Easement granted City of Gulf Shores by instrument recorded as Instrument Number 578678.

J. Outstanding oil, gas and other mineral interests.

K. The rights, if any, of owners of lots in McPhillips Subdivision and future additions thereto as to the strip shown on the plat recorded at May Book 4, Page 11, in the records

of the Office of the Judge of Probate of Baldwin County, which such rights, if any, are not to be interfered with by the Unit Owners or the Association.

PURPOSE

4.01. The Developer hereby submits the Real Property described on EXHIBIT "A" together with all improvements, Buildings, structures, and all other permanent fixtures thereon, and all rights and privileges belonging or in any way pertaining thereto, to the condominium form of ownership and use in the manner provided for by the "Alabama Uniform Condominium Act of 1991", Code of Alabama (1975), Section 35-8A-101, et seq.

DEVELOPMENT PLAN

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

5.02. Easements. Easements are reserved to the Developer throughout the Common Elements as may be reasonably necessary for the purpose of discharging the Developer's obligations or exercising any Special Declarant Rights.

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

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

B. Encroachments. If any portion of the Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common

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

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

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

5.03. General Description of Improvements. The Condominium Property consists essentially of two (2) Buildings (known for convenience purposes as "the Clubhouse Building" and "the Tower Building"), together with automobile parking areas, lawn and landscaping and other facilities as more particularly set forth in the Plans. The Buildings are constructed with reinforced concrete with metal stud framing and an exterior stucco cladding system, with a membrane roof.

The Clubhouse Building contains six (6) levels (stories) including one (1) ground level. The first or ground level of the Clubhouse Building consists of an office, a "check in" desk and area, a fitness and sauna area, and storage space for the Association. The enclosed habitable area on the ground floor is approximately 1,618 square feet. The second level of the Clubhouse Building consists of meeting space and a balcony. Each of the third, fourth, fifth, and sixth stories contains one (1) Condominium Unit. All of the four (4) Condominium Units in the Clubhouse are of I Type (note: this is the letter "I").

The Tower Building contains twenty (20) levels (stories). The bottom three (3) levels are for parking and associated ramps. Each of the floors beginning with the fourth floor and rising through the nineteenth floor contains nine (9) Condominium Units; the top floor contains seven (7) Units. The types of Units in the Tower Building vary.

There is one indoor-outdoor pool and a hot tub.

There are 251 parking spaces, 136 of which are on the ground floor, 57 of which are on the second floor and 58 of which are on the third floor.

5.04. Units. (Private Elements). Each Unit is assigned a number, 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 as shown on the Plans and otherwise shall be substantially as follows: "Unit _____, Seawind Condominiums, according to the Declaration of Condominium of Seawind Condominiums recorded as Instrument Number _____ in the records of the Office of the Judge of Probate of Baldwin County, Alabama." The description and location of the particular Unit and the appurtenances are determined with the aid of the Plans. The Unit boundaries are determined as follows:

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

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

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

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

5.05. Type of Units. The Units are of ten (10) different types, which are more specifically shown on the Plans and are generally described as follows:

| TYPE | QUANTITY | APPROXIMATE HABITABLE AREA | UNIT NUMBERS OF THIS TYPE | % INTEREST |
|------|----------|----------------------------|--|------------|
| "A" | 17 | 1,130 square feet | 401, 501, etc through 2001 | 0.6232763 |
| "B" | 49 | 1,130 square feet | 402, 502, etc through 2002 405, 505, etc through 1905 405, 507, etc through 1907 | 0.6232763 |

| TYPE | QUANTITY | APPROXIMATE HABITABLE AREA | UNIT NUMBERS OF THIS TYPE | % INTEREST |
|------|----------|----------------------------|--|------------|
| "B1" | 49 | 1,130 square feet | 403, 503, etc through 2003 406, 506, etc through 1906 408, 508, etc through 1908 | 0.6232763 |
| "C" | 16 | 1,237 square feet | 404, 504, etc through 1904 | 0.6822945 |
| "D" | 16 | 1,130 square feet | 409, 509, etc through 1909 | 0.6232763 |
| "E" | 1 | 1,831 square feet | 2004 | 1.0099283 |
| "F" | 1 | 1,725 square feet | 2005 | 0.9514617 |
| "G" | 1 | 1,725 square feet | 2006 | 0.9514617 |
| "H" | 1 | 1,725 square feet | 2007 | 0.9514617 |
| "I" | 4 | 1,618 square feet | 300, 400, 500, 600 | 0.8924435 |

All Units are two (2) bedroom, except Types "F", "G", "H", and "I", all of which are three (3) bedroom Units.

5.06. Unit Ownership. Each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit which shall be owned in fee simple. 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 Owner is subject to all the rights and duties assigned to Unit Owners under the terms of the Condominium Documents. The Developer shall enjoy the same rights and shall have the same duties (as any other Unit Owner) with respect to Units owned by the Developer. The private elements of each Unit shall consist of the following:

- A. The air space of the area of the Building lying within the Unit boundaries.
- B. The surfacing materials on the interior of the exterior walls and on interior walls; sheetrock on the interior of exterior walls or common party walls is a Common Element and sheetrock on walls located entirely within a Unit is part of the Unit.
- C. The framing components and surfacing materials of all interior walls located within the boundaries of the Unit.
- D. The framing components and surfacing materials of the floors and drop down ceilings of the Unit.

E. All bathtubs, toilets and sinks, the range, stove top, refrigerator, dishwasher, garbage disposal, stack washer and dryer, air conditioning and heating units, exterior condenser units, lighting fixtures and all hardware and interior and exterior wall fixtures except those exterior lighting fixtures assigned to the common use of the Condominium, and the power meter and its appurtenances.

F. All interior trim and finishing materials.

G. All electrical wiring and plumbing located with the Unit and serving only that Unit.

5.07. Surfaces. A Unit 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. A Unit Owner, however, shall be deemed to own and shall have the exclusive right and duty to repair and maintain, paint, repaint, tile, wax, paper, or otherwise finish and decorate the surfacing materials on the interior of exterior walls and on interior walls separating a Unit from other Units, and the surfacing materials of the floors of his Unit; all windows and doors bounding such Owner's Unit; and all appurtenant installations, including all pipes, ducts, wires, cables, and conduits used 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 Elements, which are for the exclusive use of the Unit; and all ceilings and partition walls. A Unit Owner shall have the exclusive right and duty to wash and keep clean the windows and doors bounding his Unit.

5.08. Changes. The Developer reserves the right to change the interior design and arrangement of any or all Units owned by it.

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

A. All of the Real Property.

B. All improvements and parts of the Real Property which are not a Unit or Private Element (without limiting the foregoing, the check-in area, the meeting room, and the sauna and fitness room in the Clubhouse Building are Common Elements)..

C. All parking areas, driveways and other means of ingress and egress.

D. The mechanical systems and installations providing service to a Building, or to any Unit, such as electrical power, gas, light, hot and cold water, heating and air conditioning, sanitary and storm sewer facilities, and including all lines, pipes, ducts, flues, chutes, conduits,

cables, wires, and all other apparatus and installations in connection therewith, whether located in the Common Elements or in the Units, except when situated entirely within a Unit for service only of that Unit.

E. All tangible personal property required for the maintenance and operation of the Condominium and for the common use and enjoyment of the Unit Owners.

F. All foundations, slabs, columns, beams and supports of the Buildings and such component parts of exterior walls and walls separating Units, roofs, floors and ceilings as are not described herein as private elements.

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

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

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

J. All area outdoor and exterior lights metered to individual Units and supports and all entrance and related type signs.

K. The patios, balconies, terraces, porches, storage areas, if any, and doorsteps or stoops affixed to each Unit, though designated as a Limited Common Element.

L. The pool and hot tub.

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

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

5.10. Limited Common Elements. The Limited Common Elements located on the Property and the Unit to which they are assigned are as follows: The patio, balcony, terrace, or porch abutting each Condominium Unit are Limited Common Elements appurtenant to those Units to which they attach and whose use is restricted to Units they are appurtenant. Doorsteps or stoops, if any, providing access to a patio, balcony, terrace, or porch are assigned as a Limited Common Element to the Unit to which the patio, balcony, terrace, or porch serves.

Except as provided herein, the maintenance, repair, upkeep, and replacement of each patio, balcony, terrace, or porch, storage area and the doorsteps or stoops, if any, providing access thereto shall be the exclusive responsibility of the Unit Owner to which that patio, balcony, terrace, or porch and storage area shall be appurtenant. The boundary lines of each patio, balcony, terrace, or porch and storage area attached to a Unit are the interior vertical surfaces thereof and the exterior

unpainted finished surface of the perimeter baluster or railing abutting the patio, balcony, terrace, or porch. Notwithstanding the foregoing, maintenance of the handrails on all balconies shall be the responsibility of the Association. A Unit Owner shall not alter the type of material originally provided by Declarant as the flooring surface of the balcony appurtenant to such Unit without the Association's approval.

In accordance with a plan adopted by Declarant or the Association, storm shutters having a uniform appearance approved by the Declarant or the Association shall be allowed on the exterior of the Buildings. The storm shutters shall be Limited Common Elements appurtenant to the Unit that they serve. Any Owner who desires storm shutters shall be responsible for the expense of the installation thereof and for the maintenance thereof. However, the installation and future maintenance shall, at all times, be done in accordance with a uniform installation plan adopted by Declarant or the Association and shall be carried out only by contractors specifically approved in writing by Declarant or the Association.

COMMON ELEMENTS

6.01. Ownership. The percentage of undivided interest in each Unit in the Common Elements is shown in the table set forth in paragraph 5.05 above. Said percentage interests reflect the ratios of the approximate habitable area of all of the Units, subject to principles of rounding to achieve near approximation of one hundred percent (100%). For purposes of percentage of ownership in the Common Elements, percentage of Common Expenses, and percentage of Common Surplus, the percentage shall govern. The ownership interest in the Common Elements shall be an undivided interest, and except as provided in the Act and this Declaration, shall remain undivided. No Unit Owner shall bring any action for partition or division of the Common Elements. The ownership interest in the Common Elements shall not be conveyed, transferred, encumbered or otherwise affected separate from the ownership of the Unit, and any agreement to the contrary shall be void.

6.02. Use. Each Unit Owner shall have the right to the Common Elements (except any portions thereof designated Limited Common Elements and restricted to the exclusive use of and as an appurtenance to a Unit and subject to any portion subject to leases made by or assigned to the Board) in conjunction with the Unit Owners of other Units as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the Condominium Property. The right to use the Common Elements shall be subject to and governed by the provisions of the Act, Condominium Documents, and the Rules and Regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions, or grant easements with respect to parts of the Common Elements subject to the provisions of the Declaration and Bylaws. Notwithstanding the foregoing, Unit Owners and their guests in the Tower Building shall not have the right of access to the Clubhouse Units through the Common Elements leading to the Clubhouse Units.

6.03. Share of Common Expenses. Each Unit Owner shall be assessed and is individually liable for a proportionate share of the Common Expenses and the proportionate share of the Common Expenses shall be the same ratio as the Unit Owner's percentage ownership in the Common Elements as the case may be. Payment of Common Expenses shall be in such amounts and at such times as determined in the Bylaws. Assessments shall be collected by the Association on a monthly basis. No Unit Owner shall be exempt from payment of his or her proportionate share of the Common Expenses 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. All Units will be subject to full Assessments not later than sixty (60) days following the first conveyance by the Developer of a Unit.

6.04. Late Payment of Assessments. Assessments for Common Expenses and installments thereon, paid on or before fifteen (15) days after the date when due shall bear no interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear interest calculated on a per diem basis at the rate of twelve percent (12%) percent per year from such fifteenth (15th) day and shall be subject to a late charge equal to five percent (5%) of the amount of the delinquent assessment. The Board may change such default rate of interest and amount of the late charge so long as the maximum legal rate is not exceeded. In addition to such late charges and interest, costs and expenses incurred by the Association, including attorney's fees, shall be paid by the delinquent Unit Owner. All payments upon account shall be first applied to such late charges, interests and other costs and expenses, including attorney's fees, and then to the Assessment payment due. The Association may, in the manner provided for in the Bylaws, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association.

6.05. Liens for Assessments. The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements and upon the goods, furniture and effects belonging to the Unit Owner and located in such Unit, which lien shall secure and does secure the moneys due for all Assessments now or hereafter levied or subject to being 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; which lien shall also secure all costs and expenses, including reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in the Common Elements.

6.06. Priority of Lien. The Association shall have a lien for nonpayment of Common Expenses as is provided by the Act. Such lien will be subordinate to any first mortgagee of any Unit if the mortgage was recorded before the delinquent Assessment became due. Foreclosure may be carried out through the statutory power of sale process provided for mortgages or by judicial process. 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 Directors 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 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 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 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 based on the periodic budget adopted by the Association, pursuant to the Act, which would have become due in the absence of acceleration during the six months immediately preceding the institution of an action to enforce the lien. However, any such delinquent Assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all of the Units as a Common Expense. Any such sale or transfer pursuant to foreclosure does not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, any Assessments made thereafter.

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

THE ASSOCIATION

7.01. Powers and Duties. The operation and administration of the Condominium shall be by the Association of the Unit Owners, pursuant to the provisions of the Act. The Association shall be a not for profit Alabama corporation incorporated by Articles of Incorporation recorded in the office of the Judge of Probate of Baldwin County, Alabama. The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or nonexercise of its powers. The Association shall have exclusive authority and power to maintain a class action and to settle a cause of action on behalf of Unit Owners with reference to the Common Elements, the roof and structural components of the Buildings or other improvements, and mechanical, electrical and plumbing elements serving improvements or the Buildings as distinguished from mechanical elements serving only a Unit; and with reference to any and all other matters in which all the Unit Owners have a common interest. The Association shall have all the powers and duties set forth in the Act, as well as all the power and duties granted to or imposed on it under the Bylaws and other Condominium Documents as they may be amended from time to time. The Association is specifically authorized to enter into agreements by which its powers and duties, or some of them, may be exercised or performed by some other Person. The Association shall have a reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably

necessary for the proper maintenance and operation of the Development and further, shall have the right to grant permits, licenses, and easements over the Common Elements for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development. The Board shall have the authority and duty to levy and enforce the collection of general and specific Assessments for Common Expenses and is further authorized to provide adequate remedies for failure to pay such Assessments.

7.02. Name. The name of the Association shall be the Seawind Condominiums Owners Association, Inc.

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

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

7.05. Designation of Voting Representative. In the event a Unit is owned by one (1) Person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one (1) Person, the Person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Unit Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, partnership or limited partnership, the officer, employee or individual entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the president or vice-president and attested by the secretary or assistant secretary of the corporation (in the case of a corporation) or by the general partner or partners if more than one (in the case of a partnership or limited partnership), which certificate shall be filed with the Secretary of the Association. If such a certificate is not on file with the Secretary of the Association for a Unit owned by more than one (1) Person or by a corporation, partnership or limited partnership, the membership or vote of the Unit concerned may be cast in accordance with the Act. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned is effected. A certificate designating the Person entitled to cast the vote of a Unit may be revoked by any Unit Owner thereof.

7.06. Restraint upon Assignment of Shares in Assets. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his Unit.

7.07. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not fewer 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.

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

7.09. Limitation of Liability. Notwithstanding the liability of the Association to maintain and repair parts of the 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 Unit Owners or Persons.

7.10. Bylaws. The Association and its Members shall be governed by the Bylaws.

7.11. Special Declarant Rights. Subject to the provisions herein, until the earlier of (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than the Developer; or (ii) two (2) years after the Developer, its successors or assigns have ceased to offer Units for sale in the ordinary course of business; the Bylaws and rules adopted by the Developer shall govern and the Developer shall have the exclusive right to appoint, remove, and designate the officers and members of the Board of Directors, and neither the Unit Owners nor the Association nor the use of the Property by Occupants of Unit shall interfere with the completion of the contemplated improvements and the sale of the Units. The Developer may voluntarily surrender the right to appoint and remove officers and members of the Board; but, in that event, the Developer may require, for the duration of the period of Developer control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective. Provided, however, not later than ninety (90) days after conveyance of twenty-five percent (25%) of the Units which may be created to Unit Owners other than the Developer, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than the Developer. Not later than ninety (90) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than the Developer, not less than thirty-three and one-third percent of the members of the Board must be elected by Unit Owners other than the Developer. Except as provided for in the Act, not later than the termination of any period of Developer control, the Unit Owners shall elect a Board of at least three (3) members, at least a majority of whom must be Unit Owners other than the Developer.

The Developer may make such use of the unsold Units and of the Common Elements as may facilitate such completion and sale, including but not limited to showing of the Property and the display of signs. The Developer may maintain sales offices and models in any Unit of the Condominium or on Common Elements in the Condominium without restriction as to the number, size, or location of said sales offices and models. The Developer shall be permitted to relocate said sales offices and models from one Unit location to another or from one area of the Common Elements to another area of the Common Elements in the Condominium. The Developer may maintain signs on the Common Elements advertising the Condominium. The Developer may also use the conference room in the Clubhouse for purposes of conducting closings of sales of Units, meeting with prospective purchasers, etc. Additionally, Declarant or its affiliate, while acting as a manager of the Condominium, shall have the right to maintain signs on the Common Elements identifying the manager and directing visitors. The rights of the Developer as provided for in this paragraph shall cease and terminate ten (10) years from the date of the recording of this Declaration in the office of the Judge of Probate of Baldwin County, Alabama.

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

7.13. Availability of Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act. The Association shall make reasonably available in the county where the Condominium is located for examination by Unit Owners, prospective purchasers, first Mortgagees and insurers and/or guarantors of first mortgages of any Unit, or their authorized agents, current copies of the Declaration, Bylaws, 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. Any Eligible Mortgagee shall have the right to have prepared at its expense an audited financial statement of the Association.

7.14. Reserve Fund and Working Capital Fund.

A. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements which the Association is obligated to maintain. The Association shall have Common Elements, including building systems, reviewed at least every three (3) years in order to enable the Association to budget for maintenance to be covered by the reserve fund. The fund shall be maintained out of regular Assessments for Common Expenses.

B. Working Capital Fund. The Association shall also have a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The Preconstruction Purchase and Escrow Agreement for any Unit (in connection with the original sale

of any Unit by the Developer) shall require the Purchaser thereunder to pay to the Association at closing a sum equal to a two month installment of Assessments as a nonrefundable contribution to the initial working capital fund, which payment shall not be considered as advance payments of regular Assessments. The working capital fund shall be transferred to the Association for deposit into a segregated account when control of the Association is transferred to the Unit Owners. The Developer is prohibited from using working capital funds to defray any of the Developer's expenses, reserve contributions, or construction costs or to make up any budget deficits while the Developer is in control of the Association.

MAINTENANCE

8.01. Maintenance by the Association. The Association is responsible for maintenance, repair, and replacement of the Common Elements. Without limiting the foregoing general responsibility of the Association, the Association shall also be obliged to implement a maintenance plan in accordance with a maintenance schedule provided by Developer, though Developer does not, by the provision of this maintenance schedule, suggest that such schedule is sufficient for the maintenance of the Common Elements or that it represents an adequate maintenance standard. Additionally, the Association shall follow maintenance and inspection schedules and instructions provided by any contractor, subcontractor, or vendor of any systems serving the Condominium.

8.02. Maintenance by Unit Owner. Each Unit Owner is responsible for the maintenance, repair, and replacement of his Unit. Each Unit Owner is responsible for the maintenance, repair, and replacement of the Limited Common Elements, if any, attached to his Unit as provided in Paragraph 5.10 above, except to the extent Paragraph 5.10 provides to the contrary.

8.03. Addition, Alteration and Improvement of the Common Elements. Except as may be prohibited by the Act, after the completion of the improvements included in the Common Elements or Limited Common Elements which are contemplated by this Declaration, there shall be no addition, alteration, change, or further improvement of Common Elements or Limited Common Elements without prior approval of the Association.

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

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

B. To pay for all the Unit Owner's utilities, including electricity and telephone used within the Unit and all taxes levied against the Unit Owner's Unit.

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

D. Not to make any addition or alteration to a Unit or to the Common Elements or to the Limited Common Elements or to do any act that would 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 no alterations, additions, improvements, repairs, replacements, or changes to the Common Elements or the Limited Common Elements or to any outside or exterior portion of the Buildings, specifically including, but not limited to screening or enclosing balconies, installing garage or other exterior doors or affixing outer shutters to windows without the prior written consent of the Association. If consent is granted, the Unit Owner shall use only a licensed contractor who shall comply with the Rules and Regulations with respect to the work which may be adopted by the Association. The Unit Owner shall be liable for all damages to another Unit and to the Common Elements or Limited Common Elements caused by any contractor employed by such Unit Owner or by the subcontractor 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 or Limited Common Element for the purpose of maintaining, inspecting, repairing, or replacing Common Elements or Limited Common Elements or for repairing, maintaining or replacing any plumbing, heating, ventilation or air conditioning system located within such Unit but serving other parts of the Condominium Property; or to determine, in case of emergency, the circumstances threatening Units or Common Elements or Limited Common Elements and to correct the same; or, to determine compliance with the provisions of the Condominium Documents.

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

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

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

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

8.06. Exterior Surface. The Association shall determine the exterior color scheme of the Property and shall be responsible for the maintenance thereof, except as may be otherwise be

provided for herein. No Unit Owner shall paint any exterior surface or add or replace anything thereon or affix thereto without the written consent of the Association.

INSURANCE

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

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

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

9.04. Authorization to do Business and Ratings. All policies of insurance must be issued by companies specifically authorized by the laws of the State of Alabama to transact such business. Any company issuing any such policy must have a "B" general policyholder rating or a financial performance index of "6" or better in the Best's Key Rating Guide, or an "A" or better rating from Demotech, Inc.; provided, however, that policies issued by Lloyd's of London will be acceptable and policies issued by a carrier not meeting the above requirements are acceptable if the particular issues are covered by 100% reinsurance with a company that does meet said requirements.

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

A. Property and Casualty. The Association must obtain, maintain, and pay the premiums upon, as a Common Expense, the property insurance required by the Act and as follows. The type of policy shall be a "master" or "blanket" type policy of property insurance covering all of the Common Elements (except land, foundation, excavation, and other items usually excluded from coverage) including fixtures, to the extent they are part of the Common Elements of the Property, building service equipment and supplies, and other personal property and supplies belonging to the Association. All references herein to a "master" or "blanket" type of policy of property insurance are intended to denote single entity condominium insurance coverage. In addition, any fixtures, equipment, or other personal property within the Units which are to be financed by a first Mortgagee (regardless of whether or not such Property is a part of the Common Elements) must be covered by such "master" or "blanket" policy, if required by said first Mortgagee and/or by the Act. The policy shall be in an amount of not less than one hundred percent (100%) of the insurable replacement cost of the Property, exclusive of land, excavation, foundation, and other items normally excluded from property policies; provided, however, if not violative of any mortgage then encumbering any Unit and if 100% of the insurable replacement cost is not available at commercially reasonable rates or is not customarily obtained by comparable developments in the geographical area, the amount of any such policy need be only the greater of 80% of the actual cash value of the improvements and such amount as is necessary to avoid the application of any co-insurance provision in any Association

insurance policy. The policy shall include (i) an "Agreed Amount Endorsement" or its equivalent, (ii) if available, an "Inflation Guard Endorsement", (iii) a "Building Ordinance or Law Endorsement"; and (iv) steam boiler and machine coverage endorsement if available for the Condominium's central water heater. The property insurance shall provide, as a minimum coverage and protection against:

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

(2) All other perils which are customarily covered with respect to condominiums similar in construction shall be obtained so as to meet the requirements of the Act; and,

(3) All perils covered by the standard "all risk" endorsement, unless the policy includes the "broad form" covered causes of loss.

B. Liability Insurance. The Association must obtain, maintain, and pay the premiums upon, as a Common Expense, a comprehensive general liability insurance policy, including medical payments insurance, as required by the Act and covering all the Common Elements, commercial space owned or leased by the Association, and public ways of the Condominium. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location, and use. However, such coverage shall be, if reasonably available, for at least five million dollars (\$5,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence, and in no event less than \$1,000,000.00. Coverage under this policy shall include, if reasonably available, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts of the Association. The policy shall also include, if reasonably available, coverage for protection against, water damage liability and, if applicable, elevator collision and garage keepers liability. If required by any first mortgage holder and, if reasonably available, the policy shall include protection against such other risks as are customarily covered with respect to condominiums similar in construction, location and use, including, but not limited to, host liquor liability, employers' liability insurance, contractual and all written contract insurance and comprehensive automobile liability insurance. If such policy does not include "severability of interests" the policy must include a specific endorsement that precludes the insurer's denial of an owner's claim because of negligent acts of the Association or other Unit Owners.

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

(1) One hundred percent (100%) of the insurable value of the Property located within the flood hazard area, including fixtures, equipment and other personal property within any Unit (but excluding land, foundations, excavations, and other items usually excluded from such coverage); or

(2) The maximum coverage available for the Property under the National Flood Insurance Program. The policy shall be in a form which meets the criterion set forth in the most current guidelines issued on the subject by the federal government.

The deductible shall not exceed the lesser of \$5,000.00 or one percent (1%) of the policy's face amount.

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

E. Fidelity Bonds. The Association shall obtain, maintain and pay the premiums upon, as a Common Expense, a fidelity bond to protect against loss of money by dishonest acts on the part of all officers, directors and employees of the Association and all other persons handling, or responsible for, funds of the Association or funds administered by the Association. Where a management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The fidelity bond shall name the Association as the obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than one hundred and fifty percent (150%) of the estimated annual Common Expenses. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on all bonds required herein to be maintained by the management agent shall be paid by the management agent. The bond shall provide that the Association and any first Mortgagee shall be given ten (10) days written notice before the policy/bond may be canceled or substantially modified for any reason.

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

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

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

9.07. Provisions. Insurance coverage must comply with the requirements of the Act, this Declaration, and the applicable requirements (even if such requirements are in addition to those required in the Act or this Declaration) of the Federal Home Loan Mortgage Corporation ("FHLMC") and The Federal National Mortgage Association ("FNMA") as they apply to any mortgage than encumbering any Unit, and shall in substance and effect:

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

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

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

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

E. Contain a standard mortgagee clause which, among any other provisions included in a standard mortgagee clause, shall:

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

(2) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Association or Unit Owners or any Persons under any of them; and

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

F. Provide that the insurance will not be prejudiced by any acts or omissions of Unit Owners.

G. Provide that any Insurance Trust Agreement will be recognized.

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

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

9.10. Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their Mortgagees (when appropriate, the policies may name the FNMA as Mortgagee or the servicer of the mortgage, and when the servicer is named as the Mortgagee, its name should be followed by the phrase "its successors and assigns") as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association, as Insurance Trustee for each of the Unit Owners in the percentages as established by the Declaration, which said Association, for the purpose of these provisions, is herein referred to as the Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein and for the benefit of the Unit Owners and their Mortgagees. The Insurance Trustee shall have the power (and each Unit Owner hereby appoints the Trustee for this purpose as attorney-in-fact) to adjust all claims arising under insurance policies purchased by the Association; to bring suit thereon in its name and/or in the name of other insured; to deliver releases on payment of claims; to compromise and settle such claims; and otherwise to exercise all the rights, powers, and privileges of the Association and each Unit Owner and any other holder of an insured interest in the Condominium Property under such insurance policies, however, the actions of the Insurance Trustee shall be subject to the approval of any first Mortgagee if the claim shall involve more than one Unit, and if only one Unit is involved, such actions shall be subject to approval of any first Mortgagee holding a mortgage and encumbering such Unit.

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

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

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

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

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

C. Mortgagees. In the event a Mortgagee endorsement has been issued with respect to a Unit, the share of the Unit 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 will have any right to determine or participate in the determination of whether or not any damaged Property shall be reconstructed or repaired except as may be specifically provided to the contrary elsewhere in this Declaration.

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

A. Reconstruction or Repair. If the damages for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Unit 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 remaining proceeds shall be distributed to the beneficial Unit Owner with remittances to Unit Owners and their mortgage 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.

9.13. General. To the extent that any insurance program specifications (including limits of liability, endorsements, and deductible maximums) required under this Article 9 are not customarily met by prudent owners associations of comparable condominiums located on the Alabama Gulf Coast, are unduly expensive to meet, or require coverage which is not reasonably available, then less stringent insurance program specifications shall be permitted hereunder so long as the same comply with (a) the Act and, (b) if any mortgage then encumbering any Unit is insured

by either the FNMA or the FHLMC, with the requirements of said FNMA or FHLMC as the same pertain to said mortgage.

RECONSTRUCTION OR REPAIR AFTER CASUALTY

10.01. Determination to Reconstruct or Repair. Any portion of the Condominium for which insurance is required under this Declaration 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 governing health or safety; or
- C. Eighty percent (80%) of the Unit Owners, including every Unit Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild. The cost of repair or replacement of a Common Element in excess of insurance proceeds in reserves is a Common Expense as provided in this Declaration.

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

10.03. Responsibility. If the damage is only to those parts of a Unit or Limited Common Elements for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

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

10.05. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair of the Unit by the Association, Assessments shall be made against the Unit Owners who own the damaged Property and against all Unit Owners in the case of damage to Common Elements in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Assessments shall be made against the Unit Owners who own the damaged Unit and against all Unit Owners in the case of damage to Common Elements in sufficient amounts to provide funds for the payment of such costs. Such Assessments against Unit Owners for reconstruction and/or repair of damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units. Such Assessments for reconstruction and/or

repair of damage to Common Elements shall be in proportion to the Unit Owner's share in the Common Elements. Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as provided for Assessments elsewhere herein.

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

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

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

C. Surplus. It shall be presumed that the first moneys distributed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial Unit Owners of the fund.

EMINENT DOMAIN

11.01. Proceeds. The taking of a portion of a Unit or of the Common Elements by eminent domain shall be deemed to be a casualty and the determination as to whether the Condominium will be reconstructed or repaired or continued after condemnation will be determined in the manner provided for in the Act and under Article 10 of this Declaration and the awards for such taking shall be deemed proceeds from insurance on account of the casualty and shall be deposited with the Association as Insurance Trustee. Even though the awards may be payable to a Unit Owner, the Unit Owner shall deposit the awards with the Association as Insurance Trustee; and in the event of failure to do so, in the discretion of the Board of Directors of the Association an Assessment shall be made against a defaulting Unit Owner in the amount of his award, or the amount of such award shall be set off against the sums hereafter made payable to such Unit Owner.

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

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

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

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

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

11.04 Unit Made Unhabitable. If the taking is of the entire Unit, or so reduces the size of the Unit that it cannot be used practically or lawfully for any purpose permitted by the Declaration, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

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

B. Addition to Common Elements. The remaining portion of the Unit, if any, shall become part of the Common Elements and shall be placed in condition for use by all of the Unit

Owners in the manner approved by the Board of Directors; provided that if the cost of the work shall exceed the balance of the fund from the award for the taking, the work shall be approved in the manner elsewhere required in this Declaration for further improvement of the Common Elements.

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

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

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

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

11.06 Authority of Insurance Trustee. The Insurance Trustee shall have the power (and each Unit Owner hereby appoints such trustee for this purpose as attorney-in-fact) to adjust all claims for an eminent domain taking; to bring suit in connection therewith; to deliver releases on payment of

claims; to compromise and settle such claims; and otherwise to exercise all the rights, powers and privileges of the Association and each Unit Owner and any other holder of a taken interest in the Condominium Property.

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

USE RESTRICTIONS

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

12.01. Units. Each Condominium Unit shall be occupied and used solely as a residence or for temporary lodging purposes. The foregoing restrictions as to residence, however, shall not be construed in such manner as to prohibit a Unit Owner from:

- (i) Maintaining his personal professional libraries;
- (ii) Keeping his personal business or professional records or accounts; or
- (iii) Handling his personal business or professional telephone calls or correspondence.

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

12.02. Miscellaneous Restrictions.

A. Nothing shall be stored in or upon the Common Elements or Limited Common Elements without prior consent of the Board except in storage areas, if any, or as otherwise herein expressly provided;

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

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

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

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

F. Subject to the Developer's right to erect certain signs as provided in Special Declarant Rights under the Declaration and the right of a manager to erect signs identifying the manager and directing visitors, no sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board or the written consent of the managing agent acting in accordance with the Board's direction.

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

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

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

J. No boat or other trailers, RV's, campers, etc., shall be parked or stored on the Property.

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

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

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

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

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

P. No area in any Unit marked on the Plans as a "Study" shall be used as a bedroom.

Q. No terrace, balcony, or patio shall be enclosed. The appearance of the terrace, balcony, or patio shall not be altered in any matter whatsoever without the consent of the Board of Directors of the Association; and no satellite dish, antenna, or similar device shall be attached thereto or allowed on any terrace, balcony, or patio without the Board's consent.

R. Cooking grills are not allowed except pursuant to a program to be established by Developer.

12.03. Pets. No animals or pets of any kind shall be kept in any Unit or any Property of the Condominium by Occupants who are renters or tenants. This shall not prohibit the use on the Property of guide dogs or other service animals whose presence is intended to accommodate a disability of any person entering onto the Property. Subject to rules and regulations adopted from time to time by the Association Board of Directors, pets may be kept by Owners of Units provided that such right may be terminated for cause at any time by the Board of Directors of the Association. No animals shall be kept for commercial purposes nor be allowed to create or cause any disturbance or nuisance of any kind, and if an animal or pet does cause or create a nuisance or an unreasonable disturbance, said animal or pet shall be permanently removed from the Property within three (3) days from the day the Owner receives the written notice from the Board of Directors of the Association. The Owner of any pet or animal must clean up after and shall be liable for any and all damage caused by such animal or pet to any part of the Condominium Property or to any other property operated by the Association.

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

12.05. Unrestricted Right of Transfer. The right of a Unit Owner (to be distinguished from a Person who does not own a Unit and has only contracted to buy a Unit from Developer) to sell, transfer, or otherwise convey his Unit shall not be subject to any right of first refusal or similar restriction.

12.06. Leases. Entire Units may be leased by the Unit Owners; provided, however, that such lease and the rights of any tenant thereunder are hereby made expressly subject to the provisions of the Condominium Documents and 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; provided however that any Rules or Regulations promulgated by the Association shall not (i) set a minimum rental period of less than overnight or a maximum rental period or (ii) materially limit the practicability of a Unit Owner to rent his Unit. All leases or rental agreements must be in writing. No individual rooms within any Unit may be rented. Anything to the contrary notwithstanding, the Developer and its assigns retain the right to maintain sales offices, management offices, leasing and operations offices and models on the Condominium Property as provided in Paragraph 7.11 above.

12.07. Rules and Regulations. Reasonable Rules and Regulations concerning the use of the Property may be made by the Developer and amended from time to time by the Board; provided, however, that all such amendments thereto shall be approved by not less than a majority of the votes of the Association before such shall become effective. Members not present at meetings considering such Rules and Regulations or amendments thereto may express their approval or disapproval in writing. Copies of such Rules and Regulations or amendments thereto shall be furnished by the Association to all Unit Owners and Occupants of the Condominium upon request.

12.08. Parking. Specific parking spaces are not assigned to Unit Owners. Otherwise, parking is subject to rules and regulations from time to time adopted by the Board of Directors.

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

12.10. Rights of Owners of Lots in McPhillips Subdivision and Additions Thereto. Neither the Association nor the Unit Owners shall interfere with the rights, if any, of owners of lots in McPhillips Subdivision and future additions thereto as to the strip shown on the plat recorded at May Book 4, Page 11, in the records of the Office of the Judge of Probate of Baldwin County.

AMENDMENT

13. This Declaration, the Articles and Bylaws may be amended only by the affirmative vote or agreement of the Unit Owners of at least sixty-seven percent (67%) of the Units. Additionally, material changes to these Condominium Documents shall require the approval of Eligible Mortgagees who represent at least fifty-one percent (51%) of the Units subject to held by Eligible Mortgagees. A change to any of the provisions governing the following would be considered as material:

voting rights;

increases in Assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;

reductions in reserves for maintenance, repair, and replacement of Common Elements;

responsibility for maintenance and repairs;

reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use;

redefinition of any Unit boundaries;

convertibility of Units into Common Elements or vice versa;

expansion or contraction of the Development, or the addition, annexation, or withdrawal of Property to or from the Development;

hazard or fidelity insurance requirements;

imposition of any restrictions on the leasing of Units;

imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

restoration or repair of the Development (after damage or partial condemnation) in a manner other than that specified in the Condominium Documents; or

any provisions that expressly benefit Mortgagees, insurers, or guarantors.

Additionally, all amendments must be made in accordance with the provisions of the Act.

PURCHASE OF CONDOMINIUM UNIT
BY ASSOCIATION

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

14.02. Limitation. If at any time the Association is already the Unit Owner of or has agreed to purchase one or more Units, it may not purchase any additional Units without the prior written approval of Members holding seventy-five percent (75%) of the votes of those Members eligible to

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

- (i) A lien on the Unit for unpaid taxes;
- (ii) a lien of a mortgage;
- (iii) the lien for unpaid Assessments;
- (iv) or any other judgment lien or lien attaching to such Unit by operation of law.

NOTICE OF LIEN OR SUIT

15.01. Notice of Lien. A Unit Owner shall give notice in writing to the Secretary of the Association of every lien on his Unit, other than liens for first mortgages, current taxes, and special Assessments, within five (5) days after he receives notice of the attaching of the lien.

15.02. Notice of Suit. A Unit Owner shall give notice in writing to the Secretary of the Association of every suit or other proceeding that may directly affect the title to his Unit, with such notice to be given within five (5) days after the Unit Owner obtains knowledge thereof.

15.03. Failure to Comply. Failure to comply with this section will have no effect on the validity of any judicial proceeding.

RULES AND REGULATIONS

16.01. Compliance. Each Unit Owner and the Association shall be governed by and shall comply with the terms of the Condominium Documents and the Rules and Regulations applicable to the Property. Ownership of a Unit subjects the Unit Owner to compliance with provisions of this Declaration, the Articles, the Bylaws, the Rules and Regulations of the Association, and any contracts to which the Association is a party, as well as to any amendments to any of the foregoing. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to an action for damages or injunctive relief, or both, in addition to other remedies provided in the Condominium Documents and the Act.

16.02. Enforcement. The Association, through the Board, is hereby empowered to enforce the Condominium Documents and all Rules and Regulations of the Association by such means as are provided by the Act, including the imposition of reasonable fines (after reasonable notice and opportunity to be heard) from time to time as set forth in the Bylaws. In the event a Unit Owner fails to maintain his Unit in the manner required in the Condominium Documents and any Rules and Regulations of the Association, the Association, through the Board, shall have the right to assess the Unit Owner and the Unit for the sums necessary to do the work required to effect compliance and to collect, and enforce the collection of, a special Assessment therefor as provided in this Declaration. In addition, the Association shall have the right, for itself and its employees and agents, to enter such Unit Owner's Unit and perform the necessary work to effect compliance. Unit Owners shall have the right to enforce the provisions of the Condominium Documents and decisions of the Association against the Association, and, if aggrieved, against other Unit Owners.

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

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

GENERAL PROVISIONS PERTAINING TO MORTGAGES

17.01. Lender's Notices. Upon written request to the Association, identifying the name and address of the Mortgagee, insurer or guarantor and the Unit number or address, any Mortgagee, 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 Development or the Unit securing its mortgage.

B. Any 60-day delinquency in the payment of Assessments or charges owed by the Unit Owner of any Unit on which it holds the mortgage.

C. A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

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

17.02. Blanket Mortgages. The entire 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 Unit 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 attributable to such Unit.

TERMINATION

18. The termination of the Condominium may be effected in accordance with the provisions of the Act and by agreement of (i) Unit Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated and (ii) first Mortgagees who represent at least sixty-seven percent (67%) of the votes of the Units that are subject to mortgages held by Eligible Mortgagees. The agreement shall be evidenced by a written instrument executed in the manner required for a deed and recorded in the public records of Baldwin County, Alabama. After termination of the Condominium, the Unit Owners shall own the Property and all assets of the Association as tenants in common in undivided shares.

COVENANT AGAINST PARTITION

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

MISCELLANEOUS

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

20.02. Covenants, Conditions and Restrictions. All provisions of the Condominium Documents shall, to the extent applicable and unless otherwise expressly therein provided to the

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

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

20.04. Notice. The following provisions shall govern the construction of the Condominium Documents, except as may be specifically provided to the contrary herein: All notices required or desired under the Condominium Documents to be sent to the Association shall be sent certified mail, return receipt requested, to the Secretary of the Association, at such 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 to the Association. Proof of such mailing or personal delivery to a Unit Owner by the Association may be provided by the affidavit of the Person or 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 or by a post office certificate of mailing.

20.05. Governing Law; Arbitration. Should any dispute or litigation arising 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. Further, any dispute between any Unit Owner and Developer and any dispute between the Association and the Developer concerning the Condominium Documents, the Condominium (including, without limitation, the construction of the Condominium) shall be resolved by arbitration in accordance with the then existing rules of the American Arbitration Association.

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

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

20.08. Captions. The captions used in the Condominium Documents are inserted solely as a matter of convenience and reference and shall not be relied on and/or used in construing the effect or meaning of any of the text of the Condominium Documents.

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

COMMUNITY SYSTEMS

21.01 Ownership of Community Systems. The Developer reserves unto itself, its successors, assigns, contractors, designees and nominees, ownership of the following systems (including any and all related equipment such as, for example, conduits, wires, amplifiers, antennas, satellite receivers and transmitters, towers and other apparatus, installations and fixtures, including those based on, containing or serving future technological advances not now known): (i) video communications and distribution systems, including, but not limited to, cable television systems (private or franchised, wired or wireless), closed circuit systems, pay t.v. systems, master antenna t.v. (MATV) systems, satellite master antenna television (SMATC) systems, satellite receiving or transmitting systems, and all other multi-channel video distribution systems, and the like which it (or one of its successors, assigns, designees or nominees) installs in part or whole on the Condominium Property (any such system or device and its related equipment being hereafter referred to as "Video Communications System"); (ii) communication systems, digital satellite systems and/or other devices which are used, in part or in whole, to provide internet access or related services, internet website communication or the future equivalent which it (or one of its successors, assigns, designees or nominees) installs in part or in whole on the Condominium Property (any such system or device and its related equipment being hereinafter referred to as the "Internet System"); (iii) telecommunications systems or devices, including, but not limited to, telephone, voice, data, information and the like which it (or one of its successors, assigns, designees or nominees) installs in part or in whole on the Condominium Property (any such system or device and its related equipment being hereinafter referred to as the "Telecommunications Systems"); (iv) monitoring/alarm systems or devices including, but not limited to, access control devices, and the like which it (or one of its successors, assigns, designees or nominees) installs in part or in whole on the Condominium Property (any such system or device and its related equipment being hereinafter referred to as the "Monitoring System") (the Video Communications System, Internet System, Telecommunications System and Monitoring System, and any and all parts thereof, are referred to collectively, the "Community Systems").

21.02 Right to Transfer Community Systems. Developer shall have the right, but not the obligation, to convey, transfer, sell, lease or assign all or any portion of the Community Systems

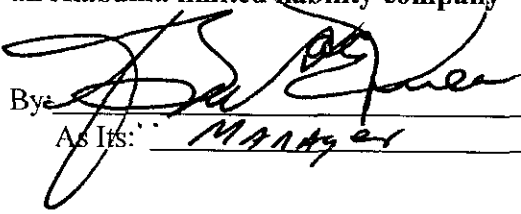
located within the Property, or all or any portion of the rights, duties or obligations with respect thereto to the Association or any other person or entity (including an Owner, as to any portion of a Community System located on/in his Unit). Without limiting the generality of this Paragraph 21, if and when any of the aforesaid entities receives such a conveyance, sale transfer or assignment, such entity shall automatically be deemed vested with such rights of Developer with regard thereto as are assigned by Developer in connection therewith; provided, however, that if the Association is the applicable entity, then any Community Systems or portions thereof shall be deemed Common Elements hereunder and the Association's rights, duties and obligations with respect thereto shall be the same as those applicable to other Common Elements unless otherwise provided by Developer. Any conveyance, transfer, sale or assignment made by Developer pursuant to this Paragraph 21 may be made with or without consideration, (ii) shall not require the consent or approval of the Association or any Owner and (iii) if made to the Association, shall be deemed to have been automatically accepted (with all rights, duties, obligations and liabilities with respect thereto being deemed to have been automatically assumed). In recognition of the intended increased effectiveness and potentially decreased installation and maintenance costs and user fees arising from the connection of all Units and other parcels to the applicable Community Systems, each Owner and occupant of a Unit shall by virtue of the acceptance of the deed or other right of occupancy thereof, be deemed to have consented to and ratified any and all agreements to which the Association is a party which is based upon (in terms of pricing structure or otherwise) a requirement that all Units be so connected. The foregoing shall not, however, prohibit the Association or Community Systems provider from making exceptions to any such 100% use requirement in its reasonable discretion.

21.03 Notices and Disclaimers as to Community Systems. The Developer, the Association, or their successors, assigns or franchisees and any applicable cable, telecommunication or other operator (an "Operator") may enter into contracts for the provision of community services through any Community Systems. THE DEVELOPER, THE ASSOCIATION, OPERATORS AND THEIR FRANCHISEES, DO NOT GUARANTEE OR WARRANT, EXPRESSLY OR IMPLIED, THE MERCHANTABILITY OR FITNESS FOR USE OF ANY SUCH ACCESS CONTROL SYSTEM OR SERVICES OR THAT ANY SYSTEM OR SERVICES WILL PREVENT INTRUSIONS, FIRES OR OTHER OCCURRENCES, OR THE CONSEQUENCES OF SUCH OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE SYSTEM OR SERVICES ARE DESIGNED TO MONITOR SAME; AND EVERY OWNER OR OCCUPANT OF PROPERTY SERVICED BY THE COMMUNITY SYSTEMS ACKNOWLEDGES THAT DEVELOPER, THE ASSOCIATION OR ANY SUCCESSOR, ASSIGN OR FRANCHISEE OF THE DEVELOPER OR ANY OF THE OTHER AFORESAID ENTITIES AND ANY OPERATOR, ARE NOT INSURERS OF THE OWNER OR OCCUPANT'S PROPERTY OR OF THE PROPERTY OF OTHERS LOCATED ON THE PREMISES AND WILL NOT BE RESPONSIBLE OR LIABLE FOR LOSSES, INJURIES OR DEATHS RESULTING FROM SUCH OCCURRENCES. It is extremely difficult and impractical to determine the actual damages, if any, which may proximately result from a failure on the part of an access control service provider to perform any of its obligations with respect to community services and, therefore, every owner or occupant of property receiving community services through the Community Systems agrees that Developer, the Association or any successor, assign or franchisee thereof and any Operator assumes no liability for loss or damage to property or for personal injury or death to persons due to any reason, including, without limitation, failure in

transmission of an alarm, interruption of any community service or failure to respond to an alarm because of (a) any failure of the Owner's Community System, (b) any defective or damages equipment, device, line or circuit, (c) negligence, active or otherwise, of the access control service provider or its officers, agents or employees, or (d) fire, flood, riot, war, act of God or other similar causes which are beyond the control of the access control service provider. Every owner or occupant of properly obtaining access control services through the Community Systems further agrees for himself, his grantees, tenants, guests, invitees, licensees, and family members that if any loss or damage should result from a failure of performance or operation, or from defective performance or operation, or from improper installation, monitoring or servicing of the system, or from negligence, active or otherwise, of the access control service provider or its officers, agents, or employees, the liability, if any, of the Developer, the Association, any franchisee of the foregoing and the Operator or their successors or assigns, for loss, damage, injury or death sustained shall be limited to a sum not exceeding One Thousand and 00/100 (\$1,000.00) U.S. Dollars, which limitation shall apply irrespective of the cause or origin of the loss or damage and notwithstanding that the loss or damage results directly or indirectly from negligent performance, active or otherwise or non-performance by an officer, agent or employee of Developer, the Association or any franchisee, successor or designee of any of same or any Operator. Further, in no event will the Developer, the Association, any Operator or any of their franchisees, successors or assigns, be liable for consequential damages, wrongful death, personal injury or commercial loss. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider(s) of such services

IN WITNESS WHEREOF, Seawind Development Co., L.L.C., an Alabama limited liability company, has caused this instrument to be executed on this the 11th day of August, 2006.

**SEAWIND DEVELOPMENT CO., L.L.C.,
an Alabama limited liability company**

By: 
As Its: MANAGER

STATE OF ALABAMA
COUNTY OF BALDWIN

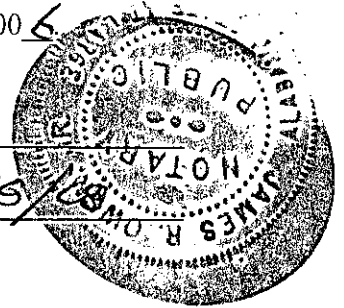
I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Julian B. McQueen, whose name as MANAGER of SEAWIND DEVELOPMENT, L.L.C., an Alabama limited liability company, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such represented and with full authority, executed the same voluntarily for and as the act of said company.

GIVEN under my hand this the 11th day of August, 2006



NOTARY PUBLIC

My Commission Expires: 2/16/08



THIS INSTRUMENT PREPARED BY:

Richard E. Davis, Esquire
DAVIS & FIELDS, P. C.
Post Office Box 2925
Daphne, Alabama 32526
(251) 621-1555

EXHIBIT "A"

TO DECLARATION OF CONDOMINIUM OF SEAWIND A CONDOMINIUM

Begin at the Northeast corner of Lot 31, the First Addition to McPhillips Subdivision as per plat thereof recorded in Map Book 4, page 11, in the Office of the Judge of Probate of Baldwin County, Alabama; run thence along the East line of said Lot 31, South 00° 31' 48" West for 514.95 feet, more or less, to the Gulf of Mexico; run thence in a westerly direction along the meanders of the Gulf of Mexico a distance of 391 feet, more or less, to a point on the West line of the East Half of Lot 4, McPhillips subdivision as recorded in Map Book 4, page 7, in the Office of the Judge of Probate of Baldwin County, Alabama, said Point being South 00° 31' 48" West 526.47 feet, more or less, from the Northwest corner of the East Half of said Lot 4; run thence North 00° 31' 48" West for 526.47 feet, more or less, to the South right-of-way of Alabama Highway Number 182; run thence along said South right-of-way, North 83° 22' 28" East for 151.04 feet to the Northwest corner of Lot 6, McPhillips Subdivision as per plat thereof recorded in Map Book 4, page 7, in the Office of the Judge of Probate of Baldwin County, Alabama; continue thence along said South right-of-way North 83° 22' 38" East for 237.22 feet to the Northeast corner of Lot 31, the First Addition to the McPhillips Subdivision as per plat thereof recorded in Map Book 4, page 11, in the Office of the Judge of Probate of Baldwin County, Alabama, and the Point of Beginning.

EXHIBIT "B" TO THE
DECLARATION OF CONDOMINIUM OF SEAWIND CONDOMINIUM
CERTIFICATION

The undersigned, Keith G. White, a Registered Architect in the State of Alabama, Registration Number 6143, pursuant to Section 35-8A-209, Code of Alabama 1975 (as amended), hereby certifies based on my limited observation of conditions, knowledge, information, beliefs, and the reports of my consultants, that all structural components and mechanical systems of all buildings containing or compromising any units of SEAWIND CONDOMINIUMS, as described in the Declaration of Condominium of Seawind Condominiums, are substantially complete in accordance with the plans attached as *Exhibit "B" to said Declaration and further do certify that said plans contain all information required by Section 35-8A-209, Code of Alabama 1975 (as amended).

Keith G. White
KEITH G. WHITE

STATE OF Florida
COUNTY OF Escambia

I, the undersigned notary public in and for the said state and county, hereby certify that Keith G. White, whose name is signed to the foregoing instrument and who is known to me, acknowledged before me on this day, that being informed of the contents of the instrument, he executed the same voluntarily on the day the same bears date.

GIVEN under my hand and seal this 25 day of July, 2006.

*Certificate of Occupancy
attached hereto as part of
Exhibit "B"

Angelique Turner
NOTARY PUBLIC
My Commission Expires: April 22, 2008

*For plans attached as part
of Exhibit "B" see

Apartment Book 24 pages 144 thru 171

ANGELIQUE TURNER
Notary Public, State of Florida
My comm. exp. Apr. 22, 2008
Comm. No. DD 286121

NOTE Substantial Completion is accepted for all floors of the Tower and Amenities buildings, with the qualification to exclude exterior and interior cosmetic items and adjustments. Also qualified as an exclusion are non life-safety equipment and/or systems such as pool equipment. A list (or lists) of these additional items to be corrected shall be submitted at a later date.

*Part of Exhibit "B"
Delmar Street Condominium
Seawind Condominium*

CERTIFICATE OF OCCUPANCY

Department of Building Inspections
City of Gulf Shores, AL

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

Use Classification MULTIFAMILY Group R2 Building Permit No. 12286
Type Construction II Fire District G.S. Legal Desc./Parcel No. LOT # 4 AND 5
Owner of Building SEAWIND DEVELOPMENT Building Location 401 E. BEACH BLVD.
Owner Address 113 BAY BRIDGE PROF GULF BREEZE, FL 32561


Building Official

Date: AUGUST 8, 2006
POST IN A CONSPICUOUS PLACE

Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums

ARTICLES OF INCORPORATION
OF
SEAWIND CONDOMINIUMS OWNERS ASSOCIATION, INC.

The undersigned, acting as incorporator of a not for profit corporation under the Alabama Nonprofit Corporation Act, *Code of Alabama* (1975), Section 10-3A-1, et seq., and the Alabama Uniform Condominium Act of 1991, *Code of Alabama* (1975), Section 35-8A-101, et seq., (hereinafter referred to as the "Acts") adopts the following ARTICLES OF INCORPORATION.

I.
NAME

The name of the corporation shall be SEAWIND CONDOMINIUMS OWNERS ASSOCIATION, INC. The corporation is herein referred to as the "Association".

II.
DEFINITIONS

The terms used herein shall have the meaning for each stated in the Acts and in the DECLARATION of CONDOMINIUM of Seawind Condominiums (the "Declaration"), unless the context otherwise requires.

III.
PERIOD OF DURATION

The period of duration of the Association is perpetual unless and until hereafter legally dissolved.

IV.
PURPOSES

The Association is organized for the purpose of administering, maintaining, operating and managing the Condominium known as Seawind Condominiums (the "Condominium"), located in Baldwin County, Alabama, according to the Declaration and to do all things incident, necessary, convenient, expedient, ancillary, or in aid of the accomplishment of the foregoing.

087104

**Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums**

**V.
POWERS**

The Association shall have the power to exercise all powers, duties, and authority vested in the Association by the Acts, the Declaration, or these Articles, including, but not limited to, the following:

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

**Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums**

(13) To enforce by legal means the provisions of the Acts, the Declaration, these Articles, the Bylaws, and the Rules and Regulations for the use of the Property.

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

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

(16) To retain attorneys and accountants.

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

(18) To purchase a Unit of the Condominium for the purposes authorized in the Declaration.

(19) To maintain a class action and to settle a cause of action on behalf of Unit 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 (1) Unit; and to bring an action and to settle the same on behalf of two (2) or more of the Unit Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements or more than one (1) Unit; all as the Board deems advisable.

(20) To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure directors' and officers' liability insurance, if the Board deems it advisable, and the premiums of such bonds and insurance shall be paid by the Association as Common Expense.

(21) To adopt and establish Bylaws for the operation of the Association.

**VI.
NOT FOR PROFIT**

The Association is not organized for pecuniary profit and it shall pay no dividend, and shall distribute no part of its income to its Members, directors, or officers. Nevertheless, the Association may pay compensation in a reasonable amount to its Members, directors, and officers for services rendered, and it may confer benefits on its Members in conformity with the Declaration of Condominium and the purposes of the Association. On termination, the Association may make distributions to its Members as permitted by law, and no such payment, benefit, or distribution shall be deemed to be a dividend or distribution of income. All funds and Property acquired by the

**Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums**

Association and all proceeds therefrom shall be held and used for the benefit of the Members of the Association in accordance with the provisions of the Declaration, these Articles and the Bylaws.

**VII.
MEMBERSHIP**

This Association shall issue no shares of stock of any kind or nature whatsoever. Every Person who is a record Unit Owner of a fee or undivided fee interest in any Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of any Unit which is subject to Assessment by the Association. The Members shall enjoy such qualifications, rights and voting rights as may be fixed in the Declaration and in the Bylaws of the Association.

**VIII.
BOARD OF DIRECTORS**

The Property, business and affairs of the Association shall be managed by a Board of Directors which shall consist of such number not fewer than three (3) nor more than nine (9), which, from time to time, shall be determined and fixed by a vote of a majority of the voting rights present at any annual meeting of the Members. Except as may otherwise be provided in the Declaration and the Bylaws, each director may be either a person designated by the Developer or a person entitled to cast a vote in the Association. Directors may be designated or elected and removed, and vacancies on the Board of Directors shall be filled as provided in the Declaration and the Bylaws. All the duties and powers of the Association existing under the Acts, the Declaration, these Articles, and the Bylaws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by Unit Owners when such approval is specifically required by the Acts, the Declaration, these Articles, or the Bylaws. The initial Board of Directors shall be composed of three (3) Members. The names and addresses of the three (3) Members of the initial Board of Directors, who shall hold office until election or appointment of their successors, are as follows:

| <u>NAME</u> | <u>ADDRESS</u> |
|---------------|---|
| Roger Weigner | 113 Baybridge Drive Gulf Breeze, Florida 32561 |
| Harlan Butler | 113 Baybridge Drive Gulf Breeze, Florida 32561 |
| Jeff Townsend | 113 Baybridge Drive Gulf Breeze, Florida 32561 |

**Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums**

**IX.
OFFICERS**

The affairs of the Association shall be administered by the officers designated in accordance with the Bylaws. The names and the addresses of the officers who shall serve until the election or appointment of their successors in accordance with the Bylaws are as follows:

| <u>NAME</u> | <u>OFFICE</u> | <u>ADDRESS</u> |
|---------------|-------------------------|---|
| Roger Weigner | President | 113 Baybridge Drive Gulf Breeze, Florida 32561 |
| Harlan Butler | Vice-President | 113 Baybridge Drive Gulf Breeze, Florida 32561 |
| Jeff Townsend | Secretary/ Treasurer | 113 Baybridge Drive Gulf Breeze, Florida 32561 |

**X.
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.

**XI.
INCORPORATOR**

The name and address of the incorporator of the Association is Seawind Development Co., L.L.C., 113 Baybridge Drive, Gulf Breeze, Florida 32561.

**Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums**

**XII.
REGISTERED OFFICE AND AGENT**

The location and mailing address of the initial registered office of the Association is 401 East Beach Boulevard, Gulf Shores, Alabama 36542, and the name of its initial agent at such address is Seawind Development Co., L.L.C.

**XIII.
DECLARANT CONTROL**

The Developer shall retain control of the Association in accordance with the terms and conditions of the Declaration.

**XIV.
DEFINITIONS AND CONFLICT**

All terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof. In the event of a conflict between the provisions of the Declaration, these Articles, or Bylaws, the Declaration prevails, except to the extent the Declaration is inconsistent with the Alabama Uniform Condominium Act of 1991, Code of Alabama (1975).

**XV.
DISSOLUTION**

The Association shall be dissolved upon the termination of the Condominium in the manner provided in the Declaration and Acts. Upon dissolution of the Association, the assets of the Association, if any, and all money received by the Association from operations, after the payment in full of all debts and obligations of the Association of whatsoever kind and nature, shall be used and distributed solely and exclusively in the manner provided for in the Acts.

IN WITNESS WHEREOF, the subscriber hereto has caused this instrument to be executed
this the 2th day of July, 2006.

SEAWIND DEVELOPMENT CO., L.L.C.,
an Alabama limited liability company

By: [Signature]
Its Chairman & CEO of Peninsula Hotels
its managing member

Exhibit "C" to the
Declaration of Condominium of Seawind Condominiums

STATE OF Florida
COUNTY OF Santa Rosa

Before me, the undersigned Notary Public in and for said County in said State, personally appeared Julian B. MacQueen, whose name as Chairman & CEO of Jamaica Hotel of SEAWIND DEVELOPMENT CO., L.L.C., an Alabama limited liability company, is signed to the foregoing instrument, and who, being by me first duly sworn, deposes and says that he is authorized to execute this instrument on behalf of the company and that the facts contained in the above and foregoing ARTICLES OF INCORPORATION are true and correct. the managing member

DATED this 7th day of July, 2006.

Carol Ruben

NOTARY PUBLIC
My Commission Expires: 12-10-2006

THIS INSTRUMENT PREPARED BY:

Richard E. Davis, Esquire
DAVIS & FIELDS, P.C.
Post Office Box 2925
Daphne, Alabama 36526
(251) 621-1555



Carol Ruben
MY COMMISSION # DD163332 EXPIRES
December 10, 2006
BONDED THROUGH TROY FARM INSURANCE, INC.

F:\Davis-Fields\Davis & Fields Client\10052\Seawind condo documents\Articles of Incorporation 8-9-04.wpd

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:

2006 July -12 4: 6PM

Instrument Number 987184 Pages 7
Recording 25.00 Mortgage
Deed Min Tax
Index DP 5.00
Archive 5.00
Adrian T. Johns, Judge of Probate

Exhibit "D" to the
Declaration of Condominium of Seawind Condominiums

BYLAWS
OF
SEAWIND CONDOMINIUMS OWNERS ASSOCIATION, INC.

GENERAL

1.01. **Purpose.** These are the Bylaws of the SEAWIND CONDOMINIUMS OWNERS ASSOCIATION, INC., a non-profit Alabama Corporation (hereinafter referred to as the "Association") organized pursuant to the Alabama Uniform Condominium Act of 1991, *Code of Alabama* 1975, Section 35-8A-101, et seq. ("Act") and "Alabama Nonprofit Corporation Act" Code of Alabama 1975, Section 10-3A-1 et seq., for the purpose of administering SEAWIND CONDOMINIUMS, hereinafter referred to as the "Condominium" which is located in Baldwin County, Alabama.

1.02. **Applicability of Bylaws.** The provisions of these Bylaws are applicable to the Condominium Property and to the use and occupancy thereof. All present and future owners, mortgagees, lessees and Occupants of Units, and any other persons who may use the facilities of the Property in any manner are subject to these Bylaws, the Declaration and the Rules and Regulations made in accordance therewith. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these Bylaws, the Rules and Regulations made in accordance therewith and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

1.03. **Principal Office.** The principal office of the Association shall be at 401 East Beach Boulevard, Gulf Shores, Alabama 36542, or at such other place as may be designated subsequently by the Board of Directors or as the business of the Association may require. All books and records of the Association shall be kept at its principal office.

1.04. **Terms Defined.** "Declaration" shall mean that certain Declaration of Condominium of Seawind Condominiums, filed in the Office of the Judge of Probate of Baldwin County, Alabama, as the same may be amended from time to time in accordance with the terms thereof. All other terms used herein shall have the meaning given to them in the Declaration and are hereby incorporated by reference and made a part hereof.

MEMBERSHIP

2.01. **Qualification.** The 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.

Exhibit "D" to the
Declaration of Condominium of Seawind Condominiums

2.02. **No Additional Qualifications.** No initiation fees, costs, or dues shall be assessed against any Person as a condition of the exercise of the rights of membership except such Assessments, levies, and charges as are specifically authorized in the Declaration.

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

2.04. **Not for Profit Corporation.** The Association is a not for profit corporation organized under the laws of the State of Alabama and pursuant to the Act and the "Alabama Nonprofit Corporation Act", Code of Alabama 1975, Section 10-3A-1, et seq. The Association shall issue no shares of stock of any kind or nature whatsoever.

MEETINGS OF MEMBERS

3.01. **Annual Meeting.** A meeting of the Association must be held at least once each year. The annual meeting of Members shall be held at the office of the Association at 9:00 a.m., local time, on the third Saturday of October of each year for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day following that is not a legal holiday.

3.02. **Change of Annual Meeting.** The time of holding the annual meeting of Members may be changed at any time prior to not less than ten (10) days nor more than sixty (60) days in advance of the regular day for holding such meeting by a resolution duly adopted by the Board of Directors or by the Members, provided that notice of such change be mailed to each Member of record, at such address as appears upon the records of the Association, not less than ten (10) days before the holding of such meeting nor more than sixty (60) days in advance of the regular meeting; and further provided that each annual meeting of Members shall be held within one (1) month of the date on which it should regularly have been held but for such change.

3.03. **Special Meeting.** Special meetings of the Members of the Association may be called in accordance with the Act.

3.04. **Notice of Meeting.** Notice of all meetings of Members must be given in accordance with the provisions of the Act.

Exhibit "D" to the
Declaration of Condominium of Seawind Condominiums

3.05. **Waiver of Notice.** Any Member or first Mortgagee may waive the right to receive notice of any meeting by sending a written waiver to the Board of Directors. Notice of any meeting may be waived before or after the meeting, orally or in writing. Attendance by a Member at any meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

3.06. **Quorum.** A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding more than fifty-one percent (51%) of the votes entitled to be cast at such meeting are present throughout such meeting, except as otherwise provided by the Articles, by the Declaration, or by these Bylaws.

3.07. **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 at 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.

3.08. **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.

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

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

VOTING RIGHTS

4.01. **Votes.** Voting shall be on a percentage basis and the percentage of the vote to which a Member is entitled is the percentage assigned to the Unit of which the Member is the Unit Owner, as stated in the Declaration. The vote of a Unit shall not be divisible. The designation of the voting Member shall be determined as set out in the Declaration.

4.02. **Votes Required to Transact Business.** When a quorum is present at any meeting, the holders of a majority of the voting rights present in person or represented by written proxy shall decide any questions brought before the meeting, unless the question is one upon which, by express provision of the Act, the Condominium Documents, or the Bylaws, a different number or manner of voting is required, in which case the express provision shall govern and control the decision in question.

Exhibit "D" to the
Declaration of Condominium of Seawind Condominiums

4.03. **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 the meeting to which it applies. A Member may revoke a proxy at any time by delivering a written notice of revocation to the Association.

4.04. **Voting by Mortgagee.** The execution and delivery of mortgage on a Unit by its Unit Owner shall be construed as conferring upon the Mortgagee a conditional proxy to cast the vote or votes attributable to such Unit at any regular or special meeting of the Association. The condition of such proxy shall be notice by such Mortgagee to the Association, in writing, of its intent to exercise the conditional proxy rights granted to it, as Mortgagee, by the terms of this subparagraph. In the absence of such written notice, the Association shall be entitled to recognize the Unit Owner of the mortgaged Units as fully entitled to cast the vote or votes attributable. However, once such written notice is received by the Association, the Mortgagee's right to cast the vote or votes attributable to that Unit shall be recognized by the Association until the Mortgagee withdraws its intent to cast such votes in writing, or until the mortgage is paid in full and satisfied of record, whichever first occurs.

4.05. **Order of Business.** The order of business at annual meetings of Members 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

BOARD OF DIRECTORS

5.01. **Number.** The affairs of the Association shall be conducted by a Board of Directors which shall consist of not fewer than three (3) persons nor more than nine (9) persons. The number of Directors shall be fixed from time to time by the Association Members.

5.02. **Qualification.** Except for directors appointed by Developer, each director shall be a Unit Owner. If a Unit Owner is a trust, then the beneficiary of the trust may be a director; and if a Unit Owner is a corporation or partnership, then an officer, partner, or employee of such Unit

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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 vacant.

5.03. **Appointment by Developer.** The initial Board of Directors, as well as successive directors shall be appointed by the Developer, and may be removed by the Developer at any time in accordance with the Declaration. The directors appointed by the Developer need not be Unit Owners.

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

5.05. **Election of Directors.** Directors shall be elected in accordance with the Act and the provisions of the Condominium Documents. Directors shall be elected at the annual meeting of Members or at a special meeting called for that purpose. 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 person or by proxy shall be elected.

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

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

5.08. **Removal.** Any director may be removed 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.

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

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5.10. **Proviso.** The Developer shall retain control of the Association in accordance with the terms and conditions of the Declaration.

MEETINGS OF DIRECTORS

6.01. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, not less than ten (10) nor more than sixty (60) days in advance of any meeting.

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

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

6.04. **Waiver of Notice.** Any director may waive notice of a meeting either before or after the meeting, or may consent to the holding of a meeting without notice. Attendance by any director at a meeting shall constitute waiver of notice of the 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.

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

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

6.07. **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 any directors at any reasonable time.

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6.08. **Presiding Officer.** The presiding officer of directors' meetings shall be the President. In the absence of the President, the directors present shall designate one of their number to preside.

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

7.01. **Powers Defined.** 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 Bylaws, except for such powers and duties reserved thereby to the Members or the Developer. The powers and the duties of the Board shall include, but shall not be limited to the following:

- (1) To elect and remove officers of the Association as hereinafter provided.
- (2) To administer the affairs of the Association and the Condominium Property.
- (3) To maintain bank accounts on behalf of the Association and to designate signatories required therefore.
- (4) To sell, lease, mortgage, or otherwise deal with Units acquired by the Association.
- (5) To pay the cost of all taxes and utilities assessed against the Condominium that are not assessed and billed to the Unit Owners of individual Units.
- (6) To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Elements; provided, however, that the consent of at least two-thirds (2/3) of the votes of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provision of these Bylaws, shall be required for the borrowing of such money.
- (7) To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Unit Owners to defray the costs, expenses, and losses of the Condominium, and to provide adequate remedies for failure to pay such Assessments.
- (8) To use the proceeds of Assessments in the exercise of its powers and duties.
- (9) To maintain, repair, replace, and operate 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

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purposes reasonably necessary or useful for the proper maintenance or operation of the Development.

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

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

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

(13) To enforce by legal means the provisions of the Act, the Alabama Nonprofit Corporation Act, the Declaration, the Articles, the Bylaws, and the Rules and Regulations for the use of the Property.

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

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

(16) To retain attorneys and accountants.

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

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

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

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(20) To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, and to procure directors' and officers' liability insurance, if the Board deems it advisable, and the premiums of such bonds and insurance shall be paid by the Association as Common Expense.

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

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

7.04. **Order of Business.** The order of business at directors' meetings shall be:

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

OFFICERS

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

8.02. **Term.** Each officer shall hold office for the term of one (1) year and until his successor shall have been appointed or elected and qualified, provided that any officer may succeed himself.

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8.03. **Resignation and Removal.** Any officer may be removed from office either with or without cause in accordance with the Act. 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.

8.04. **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 a term equal to the unexpired term of the officer he succeeds.

8.05. **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.

8.06. **President.** The President, who shall be a director, is the chief executive officer of the Association, and shall have all the powers and duties that are usually vested in the office of President of a condominium association, including, but not limited to the following powers:

- (1) To preside over all meetings of the Members and of the Board.
- (2) To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.
- (3) To call meetings of the Board whenever he deems it necessary in accordance with the rules.
- (4) To have the general supervision, direction and control of the affairs of the Association.

8.07. **Vice President.** The Vice President, who shall be a director, shall have all the powers and duties that are usually vested in the office of the Vice-President of a condominium association. The Vice President shall, in the absence of or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.

8.08. **Secretary.** The Secretary, who shall be a director, shall have all the powers and duties that are usually vested in the Secretary of a condominium association. The Secretary shall keep the minutes of all proceedings of the Board and the Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to the instruments requiring a seal when duly signed. To sign as Secretary all deeds, contracts, all other instruments which have been duly approved by the Board, if said instrument requires the signature or attestation of the Secretary.

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He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the Secretary of an Association as may be required by the directors or the President.

8.09. **Treasurer.** The Treasurer, who shall be a director, shall be the financial officer of the Association, and shall have all the powers and duties that are usually vested in the Treasurer of a Association. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the financial records and books of account of the Association in accordance with good accounting practices; shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements and facilities, specifying and itemizing the maintenance and repair expenses of the Common Elements and facilities and any other expenses incurred; and he shall perform all other, duties incident to the office of the Treasurer. The records, books of account, and the vouchers authorizing payments, shall be available for examination by a Member of the Association at convenient hours of weekdays.

FISCAL MANAGEMENT

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

9.02. **Budget.** The Board shall adopt a budget for each calendar year in accordance with the Act, which shall include estimated Common Expenses, including a reasonable allowance for contingencies and reserves less the unneeded fund balances on hand. The budget shall also include reserve accounts for working 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 Owners proposed Assessments for Common Expenses. Copies of the budget and proposed Assessments shall be transmitted to each Member in accordance with the Act.

9.03. **Adoption of the Annual Budget.** The Board shall prepare or cause to be prepared a proposed annual budget for each fiscal year of the Association in accordance with the Act.

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

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of the monthly Assessments. However, the failure to send or receive such monthly statement shall not relieve the Unit Owner of his obligation to make timely payment of the monthly Assessments. If the Board shall not approve an annual budget or shall fail to determine new monthly Assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay the amount of his monthly Assessment as last determined. No Unit Owner shall be relieved of his obligation to pay his Assessment by abandonment of his Unit or lack of use of the Common Elements.

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

9.06. **Lien for Expenses.** If any Unit Owner shall fail or refuse to make any payment of the Common Expenses or other Assessments when due, the amount due, together with costs, reasonable attorney's fees, and interest thereon at a rate to be set by the Board but in no event greater than the eighteen percentage (18%) rate from and after the date said Common Expenses or other Assessments became due and payable in accordance with the Declaration and the Act, shall constitute a lien on the interest of the Unit Owner in the property.

9.07. **Acceleration of Assessment Installments Upon Default.** If a Unit Owner shall be in default in the payment of an installment upon any Assessment for a period of more than thirty (30) days, the Board may accelerate the remaining installments of such Assessments upon notice thereof to the Unit Owner, and thereupon the unpaid balance of the Assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to the Unit Owner, or not less than twenty (20) days' after the mailing of such notice to him by registered or certified mail, whichever shall first occur. Upon default in the payment of an installment upon any Assessment, the Board shall be entitled to charge interest and service charges at the highest available rate allowable under the Act.

9.08. **Default.** In the event an Unit Owner does not pay any sums, charges or Assessments required to be paid to the Association within thirty (30) days from the due date, the Association may foreclose the lien encumbering the Unit created by non-payment of the required moneys in accordance with the Act; 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 in such Unit as shown in the Association record of ownership. The Association shall be entitled to the appointment of a receiver, if it so requests. The Association shall have the right to bid on the Unit at a foreclosure sale and to acquire, hold, mortgage and convey the same. In any such foreclosure action, the lien of the Association shall be as stated in the Declaration. In lieu of foreclosing its lien, the Association may bring suit to recover a money judgment for any sums, charges or Assessments required to be paid to the Association without waiving its lien securing same. 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 losing defendants shall pay the cost thereof together with a reasonable attorney's fee.

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If the Association becomes the Unit Owner by reason of foreclosure, it shall offer said Unit and properties 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 resale of the Unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit in question. All moneys remaining after deducting the foregoing items of expense shall be returned to the former Unit Owner in question.

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

9.10. **Annual Statement.** Within sixty (60) days after the end of each fiscal year, the Board shall cause to be furnished to each Unit Owner, a statement for the year so ended showing the receipts and expenditures of the Association, and such other information as the Board may deem desirable.

9.11. **Accounting Records.** 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 at reasonable times.

9.12. **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 moneys of the Association shall be deposited. Withdrawal of moneys from such account shall be only by checks signed by such persons as are authorized by the directors.

9.13. **Fidelity Bonds.** Fidelity bonds shall be required by the Board from all officers and employees of the Association 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 Board, but shall be at least the amount of one hundred and fifty percent (150%) of the total annual Assessments against Members for recurring expenses. The premiums on such bonds shall be paid by the Association.

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OBLIGATIONS OF THE OWNERS

10.01. **Assessments.** Every Unit Owner in the Condominium shall contribute pro rata toward the expense of administration of the Condominium, as provided in the Declaration and in these Bylaws. Each Assessment against a Unit shall also be the personal obligation of the Unit Owner at the time the Assessment fell due. Such personal obligation shall not pass to successors in title unless assumed by such successors, or required by applicable law.

10.02. **Maintenance and Repair.** Every Unit Owner shall promptly perform all maintenance and repair work, as provided in the Articles, the Declaration or these Bylaws. A Unit Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Elements or facilities damaged through the Unit Owner's fault.

10.03. **Use of Units.** All Units shall be utilized in accordance with the provisions of the Declaration, these Bylaws and the Rules and Regulations of the Association.

RULES AND REGULATIONS

11.01. **House Rules.** The Board may from time to time, and subject to the provisions hereof providing for Developer control, adopt, modify, amend, or add to Rules and Regulation concerning the use of the 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 Condominium Documents shall be adopted.

AMENDMENTS TO THE BYLAWS

12.01. **Adoption.** These Bylaws may be amended only by the affirmative vote or agreement of the Unit Owners of at least sixty-seven percent (67%) of the Units. Additionally, material changes to these Bylaws shall require the approval of Eligible Mortgagees who represent at least fifty-one percent (51%) of the Units subject to mortgages held by Eligible Mortgagees.

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

12.03. **Recording.** Any amendment shall become effective when recorded in the office of the Judge of Probate of Baldwin County, Alabama, with these Bylaws in accordance with the Act.

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MISCELLANEOUS

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

13.02. **Captions.** The captions herein are inserted only as a matter of convenience for all reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

13.03. **Conflicts.** In the event of any conflict between the provisions of the Declaration and the Bylaws, the Declaration prevails, except to the extent the Declaration is inconsistent with the Act.

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

13.05. **Right of Entry.** The manager and any person authorized by the Board shall have the right to enter each Unit in case of any emergency originating in or threatening such Unit whether or not the Unit 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, repairs to the Common Elements therein for central services provided that requests for entry are made in advance.

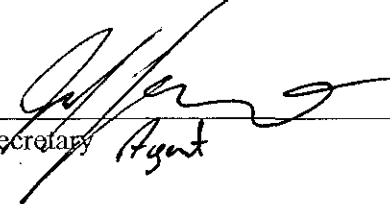
13.06. **Parliamentary Rules.** Roberts Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Act, Declaration or these Bylaws.

REGISTERED OFFICE AND AGENT

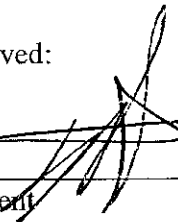
14.01. **Name and Address.** The location and mailing address of the initial registered office of SEAWIND CONDOMINIUM OWNERS ASSOCIATION, INC., is 401 East Beach Boulevard, Gulf Shores, Alabama 36542. The name of the corporation's initial registered agent at such address is Seawind Development Co., L.L.C.

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The foregoing were adopted as the Bylaws of SEAWIND CONDOMINIUM OWNERS ASSOCIATION, INC., at the first meeting of the BOARD OF DIRECTORS on the 26th day of July, 2006.


Secretary

Approved:


President

THIS INSTRUMENT PREPARED BY:

RICHARD E. DAVIS, ESQUIRE
DAVIS & FIELDS, P.C.
Post Office Box 2925
Daphne, Alabama 36526
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F:\Davis-Fields\Davis & Fields Client\10052\Seawind condo documents\Bylaws 8-9-04 as Exhibit D.wpd