

RECORD FEE \$2500
STATE OF ALABAMA
BALDWIN COUNTY
CERTIFY THIS INSTRUMENT WAS
FILED AND TAXES COLLECTED ON

APR 23 2 11 PM '96

ARTICLES OF INCORPORATION
OF
PHOENIX V ASSOCIATION, INC.

DEED, MORTGAGE, ETC.
MIN. TAX \$2500
RECORDED IN 87-24
JUDGE OF PROBATE

We, the undersigned natural persons acting as incorporators of a corporation under the Alabama Non-Profit Corporation Act (Act No. 578, 1955 Acts of the Legislature of Alabama, approved September 12, 1955; Title 10, Sec. 204, et seq., Code of Alabama Recompiled, as amended), and the Alabama Uniform Condominium Act 35-8A-101 et seq., Code of Alabama as amended, adopt the following Articles of Incorporation for such corporation.

FIRST: The name of the corporation is "PHOENIX V ASSOCIATION, INC."

SECOND: The period of its duration is perpetual unless and until hereafter lawfully dissolved.

THIRD: Purpose and Powers - This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for the maintenance, preservation and architectural control of the apartment units and the common areas and facilities within that certain condominium known as PHOENIX V, and to promote the health, safety and welfare of the residents within said condominium and, for these purposes to:

1. Exercise all of the powers and privileges and perform all of the duties and obligations of an association of unit owners as provided in the Alabama Uniform Condominium Act, and as set forth in that certain Declaration and By-Laws applicable to the property and recorded or to be recorded in the Office of the Judge of Probate of Baldwin County, Alabama, and as the same may be amended from time to time as therein provided, said Declaration and By-Laws being incorporated herein as if herein set forth at large and at length.
2. Fix, levy, collect and enforce payment by any lawful means, all charges and assessments pursuant to the terms of the Declaration; pay all expenses in connection therewith and all office or other expenses incident to the conduct of the business of the Association.
3. Acquire (by gift, purchase or otherwise), own, hold, improve build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association.
4. Borrow money and, with the assent of a majority of the votes entitled to be cast at a meeting of the Association, mortgage, pledge or hypothecate any or all of its real or personal property as secured for money borrowed or debts incurred.

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5. Maintain the above mentioned condominium, and all improvements located thereon, make payments or taxes, insurance, repairs, and any other expenses necessary to the maintenance of said property as a condominium, and pay operating expenses of every kind and character whatsoever, and any other expenses necessary therefor, or beautify and make other desirable improvements from time to time as this corporation shall deem best.
6. Transact all business being not for profit consistent with the purposes for which the corporation is organized, and the proceeds of all operations of the corporation to remain with the corporation, to be used in the payment of all indebtedness that may be incurred by the corporation and for such other purposes as may be lawful.
7. Exercise all of the authorities and powers given and granted to an association of unit owners under and pursuant to the provisions of the Condominium Ownership Act of Alabama, which a corporation organized under the Non-Profit Corporation Law of the State of Alabama by law may now or hereafter have or exercise.

FOURTH: Membership - This corporation shall issue no shares of stock of any kind or nature whatsoever. Every person or entity who is a record owner of fee or undivided fee interest in any apartment unit in PHOENIX V, a condominium, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any apartment 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 of PHOENIX V, a condominium, and in the By-Laws of the corporation.

FIFTH: Registered Agent - The address of the initial registered office of the corporation is Post Office Box 1727, Gulf Shores, Alabama 36547, and the name of its initial registered agent at such address is Tillis M. Brett.

SIXTH: Board of Directors - The number of directors constituting the initial Board of Directors of the corporation is three (3), and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and shall qualify are:

TILLIS M. BRETT	1090 Industrial Parkway Saraland, AL 36571
THOMAS E. BRETT	1090 Industrial Parkway Saraland, AL 36571
WILLIAM T. ROBINSON, JR.	1090 Industrial Parkway Saraland, AL 36571

ENCLOSURE 1523

SEVENTH: Incorporators - The name and addresses of each incorporator is:

TILLIS M. BRETT	1090 Industrial Parkway Saraland, AL 36571
THOMAS E. BRETT	1090 Industrial Parkway Saraland, AL 36571
WILLIAM T. ROBINSON, JR.	1090 Industrial Parkway Saraland, AL 36571

EIGHTH: Dissolution - The corporation is not organized for pecuniary profit and no part of its net earnings shall inure to the benefit of any member, director or individual. The corporation shall be dissolved upon the termination of the condominium in the manner provided in the Alabama Uniform Condominium Act, and by the manner provided by the Law of Alabama. Upon dissolution of the corporation, the assets of the corporation, if any, and all money received by the corporation from its operations, after the payment in full of all debts and obligations of the corporation of whatsoever kind and nature, shall be used and distributed solely and exclusively in the manner provided by the Condominium Ownership Act of Alabama.

IN WITNESS WHEREOF, the subscribers hereto have set their hands and seals this 19 day of April, 1996.

Tillis M. Brett (SEAL)
TILLIS M. BRETT

Thomas E. Brett (SEAL)
THOMAS E. BRETT

William T. Robinson Jr. (SEAL)
WILLIAM T. ROBINSON, JR.

STATE OF ALABAMA
COUNTY OF BALDWIN

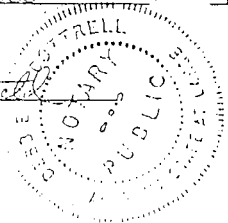
Before me, Robert A. Battrell, a Notary Public in and for said County in said State, personally appeared TILLIS M. BRETT, THOMAS E. BRETT, and WILLIAM T. ROBINSON, JR., being known to me and who, being by me first duly sworn, depose and say that they are the initial incorporators of PHOENIX V ASSOCIATION, INC.; that they are authorized to make this verification as such initial subscribers of the corporation, and that the facts contained in the above and foregoing declaration are true and correct.

Given under my hand and seal this 19th day of April, 1996.

Robert A. Battrell
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:
Michael J. Salmon
P.O. Box 162
Gulf Shores, AL 36547

REC-0037 REC 1624



APR 23 2 11 PM '96

DEED
MIN TAX
RECORDED IN 135-116
JUDGE OF PROBATE

DECLARATION OF CONDOMINIUM

OF

PHOENIX V, A CONDOMINIUM

THIS DECLARATION, made this 19 day of April, 1996,
by TILLIS M. BRETT, THOMAS E. BRETT and WILLIAM T. ROBINSON, JR.,
hereinafter called the "DEVELOPER", their heirs and assigns.

WHEREIN, the DEVELOPER makes the following declaration.

WHEREAS, TILLIS M. BRETT, THOMAS E. BRETT and WILLIAM T.
ROBINSON, JR., are the fee simple owners of that certain parcel of
real property situated in the County of Baldwin, State of Alabama,
and intend to improve the same in the manner hereinafter described,
which said parcel of land is more particularly described as follows,
to-wit:

THE LANDS DESCRIBED IN EXHIBIT "A" ATTACHED

NOW, THEREFORE, TILLIS M. BRETT, THOMAS E. BRETT and WILLIAM T.
ROBINSON, JR., the "DEVELOPER", hereby make the following
declaration as to the division to which said real property and im-
provements thereon may be put, hereby specifying that said
DECLARATION shall constitute covenants to run with the land and
shall be binding upon TILLIS M. BRETT, THOMAS E. BRETT and WILLIAM T.
ROBINSON, JR., their heirs and assigns, and all subsequent owners of
all or any part of said real property and improvements, together with
their grantees, successors, heirs, executors, administrators, devisees
or assigns.

1. Purpose.

The purpose of this Declaration is to submit the lands
hereinafter described and the improvements to be constructed thereon
to the condominium form of ownership and use in the manner provided
by the Alabama Uniform Condominium Act 35-8A-101 et seq., Code of
Alabama, as amended.

2. Name.

The name by which this condominium is identified is
PHOENIX V, a Condominium.

3. The Land.

The lands owned by the DEVELOPER, which are herewith sub-
mitted to the condominium form of ownership, are the following
described lands, lying and being in the County of Baldwin, State
of Alabama, to-wit:

THE LANDS DESCRIBED IN EXHIBIT "A" ATTACHED.

RECORDED IN 135-116

4. Definitions.

The terms used herein and in the By-Laws shall have the meanings stated in the Alabama Uniform Condominium Act, and as follows:

(a) "Unit" means an apartment, and includes the private elements thereof, together with the undivided interests in the common elements which are assigned thereto.

(b) "Unit Owner" means the owner of an apartment, whether singly or jointly, partnership, corporation, or other legal entity, or the successors, heirs, administrators, executors or assigns, or the heirs or assigns of the survivor, as the case may be.

(c) "Association" means the PHOENIX V ASSOCIATION, INC., and its successors, and is the association of Unit Owners referred to in said Act.

(d) "Common Elements" means common areas and facilities including but not limited to all parts of the condominium property not included within the unit boundaries as described in Paragraph 5.5 hereafter and shall include the utility spaces and the tangible personal property required for the maintenance and the operation of the condominium as well as the items stated in the Alabama Uniform Condominium Act.

(e) "Common Expenses" means and includes the actual and estimated expenses of operating the property, and any reasonable reserve for such purposes as may be found and determined necessary or useful by the Board of Directors, and all sums designated as common expenses by or pursuant to the condominium documents.

(f) "Utility Services" shall include but not be limited to electrical power, water, garbage and sewage disposal.

(g) "Substantial Destruction, Deterioration or Obsolescence" shall mean such destruction or deterioration or obsolescence that the condominium has lost its character as a residential development, and restoration thereof would be the practical equivalent of a newly constructed development.

(h) "Development" comprehends the land, and all buildings, improvements and property which are a part of the condominium.

(i) "Common Interests" means the proportionate undivided interest in the fee simple absolute in the common elements appurtenant to each unit as expressed in the Declaration.

(j) "Common Surplus" means the excess of all receipts of the Association, including but not limited to the assessments, rents, profits and revenues on account of the common elements, over the amount of common expenses.

(k) "Operation of the Property" means and includes the administration of the project, the operation, maintenance, repair or replacement of, and the making of any additions or improvements in the common elements.

(l) "Person" means a natural person, a corporation, a partnership, the Association herein referred to, a trustee, or other legal entity.

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(m) Declaration" means this declaration and all amendments thereto hereafter made.

(n) "Surfacing Materials" means the materials, including but not limited to mats, carpeting, sheetrock, decking, boards, panels and the like, which are laid upon or attached to foundation slabs, and/or to the under surfaces of ceiling rafters, and/or the upper surfaces of floor rafters.

5. Development Plan.

.1. The improvements will be constructed as shown upon the drawings thereof, pages / through 55, inclusive, of Exhibit "B", hereto attached and by reference made a part hereof, which plans were prepared by John M. Senkarik, A.I.A., including a set of floor plans of the building showing the lay-out, location, the designating letters and numbers of each unit, and bearing the verified statement of a Registered Architect that such drawings are in sufficient detail to identify the common elements and the private elements comprising the units as built and which said drawings are supplemented and complimented by the narrative and the graphic descriptions herein contained.

.2. Changes. In order to meet the possible unforeseen or varying demands for the number and type of unit, or in order to meet particular requirements of prospective purchasers, lending institutions or title insurance companies, or for any other reason, the DEVELOPER reserves the right to change the size, dimensions, number and location of buildings, units and other improvements, and the size, dimensions, lay-out location and undivided percentage of ownership in the common elements of any unit for which a purchase agreement has not been executed by the DEVELOPER or with respect to which the purchaser is in default, provided such changes do not change the common elements of any unit already sold or under an executed purchase and sale agreement as to which the purchaser is not in default. The DEVELOPER further reserves the right to substitute for any of the materials, equipment and other articles herein mentioned, materials, equipment and articles of equal or better quality.

.3. Amendment of Plans. This Declaration may be amended by the filing of such additional plans as may be required to accurately describe the improvements or the condominium and in order to show completion of improvements. Such completion may be shown by the filing of a verified statement of a registered architect or licensed professional engineer certifying that the completed improvements have been constructed as herein represented and upon the plans herewith filed, or, if not so constructed, then designating the changes made and certifying that the plans being filed simultaneously with such certificate fully and accurately depict the lay-out, location, numbers, size and dimensions of the units. Such plans or certificate, or both, when signed and acknowledged by such a registered architect or licensed professional engineer, and by the DEVELOPER, shall constitute an amendment to this Declaration without approval of the Association, whether or not elsewhere required for an amendment.

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.4. Easements. Easements are reserved throughout the condominium property as may be required for utility services in order to adequately serve the condominium; provided, however, such easements to a unit shall be only in accordance with the plans and specifications for the buildings or as the buildings are constructed, unless approved in writing by the unit owner. Each unit owner shall have an easement in common with the owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units 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 in any building.

.5. Access. Each unit has a right of access to a public street or highway, that is to say, to East Gulf Beach Highway 182, upon and over common elements, providing such access all as shown upon the site plan (Page 1 drawings incorporated by reference in Paragraph 5 supra). The immediate common elements by which each unit has access to such public street or highway are (i) the concrete walkways running along the face of the buildings and the grounds, and (ii) the parking area, driveways and streets all as shown upon the site plan (Page 1 drawings incorporated by reference in Paragraph 5 supra).

6. Descriptions.

.1. The Buildings. The Condominium will include access areas, parking areas, parking garages, lawn areas, swimming pools, tennis courts, and gazebos.

.2. Private Elements. The description of the private elements and the appurtenances thereto are determined with the aid of the plans therefore, attached hereto, and as follows:

(a) Units Numbered. Each unit is assigned a number which is indicated on the plans attached hereto and on Exhibit "B" to this Declaration.

(b) Changes. The DEVELOPER reserves the right to change the interior design and arrangement of all units so long as the DEVELOPER owns the unit so altered.

(c) Type A. Three bedrooms, two baths, living and dining room combination with 1,385 sq. ft. of heated and cooled area not including the open balcony. The unit comes complete with carpet, vinyl flooring, wallpaper in designated areas, blinds on windows, range, dishwasher, refrigerator, clothes washer and dryer.

(d) Type B. Two bedrooms, two baths, living and dining room combination with 1,052 sq. ft. of heated and cooled area not including the open balcony. The unit comes complete with carpet, vinyl flooring, wallpaper in designated areas, blinds on windows, range, dishwasher, refrigerator, clothes washer and dryer.

(e) Type C. One bedroom, one bath, kitchen and dining room combination with 793 sq. ft. of heated and cooled area not including the open balcony. The unit comes complete with carpet, vinyl flooring, wallpaper, in designated areas, blinds on windows, range, dishwasher, refrigerator, clothes washer and dryer.

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(f) Type D. Three bedrooms, two baths, living and dining room combination with 1,382 sq. ft. of heated and cooled area not including the open balcony. The unit comes complete with carpet, vinyl flooring, wallpaper in designated areas, blinds on windows, range, dishwasher, refrigerator, clothes washer and dryer.

(g) Type E. Two bedrooms, two baths, living and dining room combination with 1,052 sq. ft. of heated and cooled area not including the open balcony. The unit comes complete with carpet, vinyl flooring, wallpaper in designated areas, blinds on windows, range, dishwasher, refrigerator, clothes washer and dryer.

(h) Type F. Three bedrooms, two baths, living and dining room combination with 1,395 sq. ft. of heated and cooled area not including the open balcony. The unit comes complete with carpet, vinyl flooring, wallpaper in designated areas, blinds on windows, range, dishwasher, refrigerator, clothes washer and dryer.

(i) Unit 01. 1,594 sq. ft. of heated and cooled office, complete with carpet, vinyl flooring, blinds, two baths, conference room, six offices. The owner can convert the office area to a 1, 2 or 3 bedroom condominium.

(j) Unit 02. 606 sq. ft. of space in main lobby, two offices, check-in counter, carpeted flooring.

(k) Parking Spaces. Private parking spaces on the basement level of the parking garage. P1 through P116.

.3. Common Elements. The common elements of the condominium includes all parts of the condominium property not located within the perimeter boundaries of the apartment units, as hereinafter described, being the facilities located substantially as shown upon the plans hereto attached, and include but are not limited to the following:

(a) The land described in Exhibit "A" attached.

(b) All central and appurtenant installations for services such as power, light, telephone, storm drains, sewer, and water; TV cables, heat and air conditioning, including all pipes, ducts, wires, cables, and conduits, used in connection therewith, whether located in common areas or in units, and all utility and mechanical equipment, buildings and spaces, which are not used or reserved for the exclusive use of certain units.

(c) Automobile parking spaces.

(d) All outdoor and exterior lights.

(e) Balconies and decking.

(f) All attics, foundations, columns, girders, beams, and supports of buildings, and such component parts of walls, roofs, floors and ceilings as are not located within the units.

(g) Lawn areas and facilities, including but not limited to the swimming pool, sun deck, whirlpools, saunas, racquetball courts, tennis courts, meeting rooms, public restrooms, lobby and reception area, gazebos, guard house and locker room area.

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(i) Exterior steps, ramps, handrails, stair and stairwells.

(j) All tanks, pump houses, wells, motors, fans, compressors and control equipment, fire fighting equipment, and garbage equipment, elevator and equipment which are not reserved for the use of certain units.

(k) All retaining walls, seawalls, bulkheads and jetties, and all areas for refuse collection or disposal.

(l) All other parts of the development existing for the common use or necessary to the existence, maintenance and safety of the development.

(m) All other items listed as such in the Alabama Uniform Condominium Act, and located on the property.

.4. Limited Common Elements. Storage room areas and equipment room areas are located as follows:

(a) Unit M1. 699 sq. ft. unfinished floors, painted concrete walls to be used as a maintenance room, on the first floor.

(b) West Equipment Room on Floors 1, 3, 5, 6, 8, 9, 11, 12, and 15.

(c) Center Equipment Room on Floors 5, 6, 8, 9, 11, 12, and 15.

(d) East Equipment Room on Floors 1, 3, 5, 6, 8, 9, 11, 12, and 15.

All of the above limited common elements are for the use of the Declarant.

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.5. Unit Boundaries. Each unit consist of that part of the building containing the unit which lies within the boundaries of the unit, exclusive of interior load-bearing walls and pillars and any pipes, wires, conduits, ducts, vents and other servicing utility lines which are utilized for or serve more than one (1) condominium unit. The vertical boundaries of each unit shall be the plane of the inside surfaces of the studs which are the component parts of the exterior walls and of interior walls separating a unit from another unit, and are as shown on the drawings (Exhibit "B" attached hereto). Where the unit is bounded by an exterior wall, the walls shall be considered to include any door, window or other closure therein in the closed position, and the boundary shall be the plane of the inside surfaces of the studs which are the component parts of such walls to the effect that the private elements of the boundary walls shall include the surfacing materials. The upper horizontal boundary of each unit shall be the plane of the under surfaces of the ceiling slabs. The lower horizontal boundary of floors of the units shall be the upper surfaces of the floor slab.

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

.7. Balconies. A valid exclusive easement is hereby declared and established for the benefit of each unit and its owner consisting of the exclusive right to use and occupy the balcony or balconies serving his unit.

7. Determination of Percentages of Ownership in Common Elements, Common Surplus and Voting.

A schedule setting forth the percentage of undivided interest of each unit in the common areas is attached hereto, marked Exhibit "C", and by reference made a part hereof, to determine the percentage of ownership in the common elements, percentage of common expenses, and percentage of common surplus, and voting in all matters requiring action by the owners. The common expenses shall be charged to the unit owners according to the percentages of the undivided interests of the respective units in the common elements. The common surplus shall be a trust fund for the unit owners according to the respective units in the common elements or applied against the following year's assessment, unless otherwise determined by the Board of Directors of the Association, which shall not in any event use such surplus or any part thereof in any way other than to furnish services, insurance, goods or other items of value to the unit owners.

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8. Encroachments.

If any portion of the common elements now encroaches upon any unit, or if any unit now 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 so long as such building stands shall exist. In the event any building, any unit, any adjoining unit, or any adjoining common element shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such building shall stand.

9. .1. Units Subject to Act, Declaration, By-Laws and Rules and Regulations. All present and future owners, tenants and occupants of units shall be subject to, and shall comply with the provisions of the Act, this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of the Act, this Declaration, the By-Laws and the Rules and Regulations, as may be amended from time to time, are accepted and ratified by such owner, tenant, and occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof. In the event of a conflict in any of the provisions of any such documents, the documents shall govern or control in the following order of the preference: (1) the Act, (2) the Declaration, (3) the Articles of Incorporation of the Association, (4) the By-Laws of the Association, and (5) the Rules and Regulations of the Association.

.2. Exclusive Ownership. Each owner shall be entitled to exclusive ownership and possession of his unit. Each owner shall be entitled to an undivided interest in the common elements in the percentages expressed in this Declaration, which percentages of undivided interest of each owner shall have a permanent character and shall not be altered without the consent of all owners and lien holder of record of units affected by such alterations expressed in an amended Declaration, duly recorded. The percentage of the undivided interest in the common elements shall not be separated from the unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. Each owner may use the common elements in accordance with the purposes for which the same are intended, without hindering or encroaching upon the lawful rights of the other owners.

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

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

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

7. OBLIGATIONS OF THE OWNERS.

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

.2. Maintenance and Repair.

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

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

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

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

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(iii) To maintain the surfacing materials within the unit.

(iv) To maintain, repair and replace the heating, air conditioning, utility and mechanical equipment, and all sewer and water lines including all pipes, ducts, wires, cables and conduits used in connection therewith, which are for the exclusive use of his unit, whether or not located within the boundaries of his unit.

(v) To maintain, repair and replace the interior appurtenances of his unit, including but not limited to the floor coverings, wall coverings, window shades and screens, draperies, furniture, furnishing light fixtures, and all appliances located therein.

(vi) To promptly report in writing to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

(vii) To be responsible for the cost of all incidental damage caused to the common elements in the performance of the foregoing work.

(c) Alteration and Improvement. Neither a unit owner nor the Association shall make any alterations in the portions of a unit or building which are to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do any work which would jeopardize the safety or soundness of the building, or impair any easement, without first obtaining approval in writing of the owners of all other units in the building concerned and the approval of the Board of Directors of the Association.

.2. Common Elements.

(a) By the Association. The maintenance and operation of the common elements shall be the responsibility and the expense of the Association.

(b) Additions, Alterations and Improvements. After the completion of the improvements included in the common elements which are contemplated by this Declaration, there shall be no further additions to common elements (except by incremental development as elsewhere herein provided) without the prior approval in writing of seventy-five (75%) percent of votes of the unit owners, and the approval in writing of the mortgagees who are the holders of mortgages comprising first liens on the units so approving, provided, however, that any alteration or improvements of common elements which constitute or are contained in the boundaries of units bearing the approval in writing of unit owners entitled to cast fifty-one (51%) percent of the votes in the Association, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units of such approving unit owners and which does not prejudice the rights of any owners not consenting, may be done if the owners who do not approve are relieved from the initial cost thereof. There shall be no change in the share and rights and obligations of a unit owner in the common elements which are altered or further improved,

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whether or not the unit owner contributes to the initial costs thereof. Any such alteration or addition shall be done in accordance with complete plans and specifications therefor first approved in writing by the Board; and promptly upon completion of such additional building or structural alteration or addition to any structure, the Association shall duly record or file of record in the Office of the Judge of Probate of Baldwin County, Alabama, such amendment, together with a complete set of plans of the condominium, as so altered, certified "as built" by a licensed or registered engineer or architect.

11. Assessments.

The making and collection of assessments against unit owners for common expenses and other charges shall be pursuant to the By-Laws and subject to the following provisions:

1. Share of Common Expenses and Other Charges. Each unit owner shall be liable for a proportionate share of the common expenses and other charges, and shall share in the common surplus, such share being the same as his percentage of ownership in the common elements.

2. Interest, Application of Payments. Assessments, and installments thereon, paid on or before ten (10) days after the date when due shall not bear interest, but to all sums not paid on or before ten (10) days after the date when due shall be added a \$15.00 penalty and interest at ten percent (10%) per annum after date due, until paid.

3. Liens for Assessments. The Association is hereby granted a lien upon each unit and its appurtenant undivided interest in common elements, which lien shall secure and does secure the moneys due for all assessments now or here after levied or subject to being levied against the owner of each unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said unit and its appurtenant undivided interest in the common elements. The said lien for non-payment of assessments shall have priority over all other liens and encumbrances, recorded or unrecorded, except only (1) tax lien on the unit in favor of the state, the county, any municipality, and any special district, and (2) all sums unpaid on a first mortgage of record. In any suit for the foreclosure of said lien, the Association shall be entitled to rental from the owner of any unit from the date on which the payment of any assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said unit without notice to the owner of such unit. The rental required to be paid shall be equal to the rental charged on comparable types of dwelling units in Gulf Shores, Alabama. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the rate of ten percent (10%) per annum on any such advances made for such purposes. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association.

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.4. Rental Pending Foreclosure. In any foreclosure of a lien for assessments, the owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit.

.5. No Exemption from Assessments. No owner of a unit may exempt himself from liability for contribution toward the common expenses and other charges by waiver of the use or enjoyment of any of the common elements or by the abandonment of his unit, or by any other means; except that any holder of a mortgage which comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed in lieu of foreclosure shall take the property free of any claims for unpaid assessments against the mortgaged unit which accrue prior to the time such holder comes into possession (except for claims for a pro rata share of such assessments resulting from a pro rata allocation of such assessment to all units, including the mortgaged unit; and shall not be liable for contribution toward common expenses and other charges until the subject unit shall have been leased or sold.

.6. Statement of Unpaid Assessments. The Association shall promptly provide any unit owner and/or the holder of a mortgage comprising a first lien on any unit or the grantee in any voluntary conveyance of a unit so requesting the same in writing with a written statement of all unpaid assessments due from the unit owner.

12. Association.

The operation and administration of condominium shall be by the Association of the unit owners, pursuant to the provision of the Alabama Uniform Condominium Act, which said Association shall be incorporated by the 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 non-exercise of its powers. It shall have authority and the power to maintain a class action and to settle a cause of action on behalf of unit owners of the condominium with reference to the common elements, the roof and structural components of a building or other improvements, and mechanical, electrical and plumbing elements serving an improvement or a building as distinguished from mechanical elements serving only a unit, and with reference to any and all other matters in which all the unit owners of the condominium have a common interest. The Association shall be further organized and shall fulfill its functions pursuant to the following provisions:

.1. Name. The name of the Association shall be PHOENIX V ASSOCIATION, INC.

.2. Powers. The powers and duties of the Association shall include those set forth in the Alabama Uniform Condominium Act, and attached hereto as Exhibit "D" and made a part hereof, and those set forth in its Articles of Incorporation, and shall have the power to purchase a unit of the condominium. The powers of the Association shall include but not be limited to the maintenance, management and operation of the condominium property.

.3. Members.

(a) Qualification. The members of the Association shall consist of all of the record owners of units.

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(b) Change of Membership. Change of membership in the Association shall be established by the recording in the public records of Baldwin County, Alabama, of a deed or other instrument establishing a record title to a unit in the condominium, and the delivery to the Association of a certified copy of such instrument, the owner designated by such instrument thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated.

(c) Voting Rights. Each unit shall be entitled to one (1) vote, which vote shall be the percentage assigned to the unit as stated in Exhibit "C", hereto attached. The vote for a unit shall be cast by the owner thereof or the owner of a possessory interest therein, or in the case of a corporate owner, by the officer or employee thereof designated as the voting representative of such unit, as hereinafter provided, owners of more than one (1) unit shall be entitled to a vote for each unit owned. However, should the Association be a unit owner, it shall not have the voting rights for that unit.

(d) Designation of Voting Representative. In the event a unit is owned by one (1) person, his right to vote shall be established by the record title to his unit. If a unit is owned by more than one (1) person, the person entitled to cast the vote for the unit shall be designated by a certificate signed by all of the record owners of the unit and filed with the Secretary of the Association. If a unit is owned by a corporation, the officer or employee thereof 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 of Assistant 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, the membership or vote of the unit concerned shall not be considered in determining the requirement for a quorum nor for any purpose requiring the approval of the person entitled to cast the vote for the unit. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or unto a change in the ownership of the unit concerned is effected. A certificate designating the person entitled to cast the vote of a unit may be revoked by any owner thereof.

(e) Approval or Disapproval by Unit Owners. Whenever the approval or disapproval of a unit owner is required upon any matter, whether or not the subject of an Association meeting, such approval or disapproval shall be expressed by the same person who would cast the vote of such owner if in an Association meeting, unless the joinder of all record owners is specifically required by this Declaration.

(f) 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.

.4. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not less than three (3) nor more than eight (8) as shall from time to time, be determined and fixed by a vote of a majority of the voting rights present in any annual meeting of the members.

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.5. 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 of the Association 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 for the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

.6. Limitation of Liability. Notwithstanding the liability of the Association to maintain and repair parts of the condominium property, the Association shall not be liable for injury or damage caused by a latent condition of the property to be maintained and repaired by the Association, nor for the injury or damage caused by the elements, or other owners or persons.

.7. By-Laws. By-Laws of the Association shall be in the form attached as Exhibit "D" hereto.

13. Insurance.

Insurance (other than title insurance) which shall be carried upon the condominium property and the property of the unit owners shall be governed by the following provisions:

.1. Authority to Purchase. All insurance policies upon the condominium property shall be purchased by the Association in the name of the Association as trustee for each of the unit owners in the percentages of ownership set forth in the Declaration, and their mortgagees as their interest may appear, and provision shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of units owners. Such policies shall be deposited with the Association. A unit owner may, at his own expense, additionally insure his own unit for his own benefit, provided such additional insurance upon his unit be placed with the Association's insurance agent; and provided, further that any diminution in insurance proceeds to the Association resulting from the existence of such other insurance shall be chargeable to the owner who acquired such other insurance; who shall be liable to the Association to the extent of any such diminution and/or loss of proceeds. A unit owner may obtain at his own expense insurance coverage upon his own personal property, and such other coverage, including personal liability, as he may desire.

.2. Coverage.

(a) Casualty. All buildings and improvements upon the land and all personal property comprising the condominium property shall be insured with a single insurance agent in an amount sufficient to avoid application of a co-insurance clause, but not without deduction for depreciation, as determined annually by the Board of Directors of the Association. If reasonably available, the policy or policies shall contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild.

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(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsements; and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including but not limited to water damage, vandalism, and malicious mischief, and flood insurance.

(b) Public Liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association.

(c) Workmen's Compensation Policy, if needed to meet the requirements of the law.

(d) Other Insurance. The Board may purchase and maintain in force debris removal insurance, fidelity bonds, and other insurance and/or bonds as it may deem necessary. The Board is authorized to provide coverage for payment of maintenance charges on behalf of an owner whose unit is rendered uninhabitable by a peril insured against, and to absolve such an owner of the obligation to pay maintenance charges to the extent that the same are offset by proceeds from such coverage.

(e) Revision. Insurance coverages will be analyzed by the Board, or its representative, at least every five (5) years from the date hereof, and the insurance program revised accordingly.

.3. Provisions. Every such policy of insurance shall in substance and effect:

(a) 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 apparent owner.

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

(c) Provide that such policy may not be cancelled (whether or not requested by the Association) except by the insurer giving at least thirty (30) days prior written notice thereof to the Association, the fee owner, and every other person in interest who shall have requested such notice of the insurer.

(d) Contain a waiver by the insurer of any right of subrogation to any right of the Association or either against the owner or lessee of any unit; and

(e) Contain a standard mortgage clause which shall:

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

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(ii) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Association or unit owners or any persons under any of them; and

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

.4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

.5. Insurance Trustee; Share of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as the interests may appear, and shall provide that all proceeds covering casualty losses shall be paid to the Association, as Trustee for each of the unit owners in the percentages 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, as follows:

(a) Common Areas and Facilities. Proceeds on account of damage to common areas and facilities -- an undivided share for each unit owner, such share being the same as his undivided share in the common areas and facilities appurtenant to his unit.

(b) Units. Proceeds on account of units shall be held for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Association.

(c) Mortgages. In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interest may appear.

.6. Distribution of Proceeds. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be used to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees, being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by him.

.7. Association as Agent. The Association is hereby irrevocably appointed as agent for each unit owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.

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14. Reconstruction or Repair After Casualty.

In the event of the damage or destruction of all or part of the property, then, unless it be determined by a vote of one hundred percent (100%) of the owners and one hundred percent (100%) of all record owners of liens on the units not to repair or reconstruct such damaged or destroyed property, the following provisions shall apply:

.1. Reconstruction or Repair. If any part of the condominium property shall be damaged by casualty, it shall be reconstructed or repaired.

(a) Common Areas and Facilities. If the damaged improvement is a common area or facility, the damaged property shall be constructed, replaced or repaired.

(b) Building.

(i) Partial Destruction. If the damaged improvement is part of a building, the damaged property shall be reconstructed or repaired.

(ii) Total Destruction. If a building is so damaged that the same is untenable, the building shall be reconstructed.

(c) Plans and Specifications. Any such reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, or as the building was last constructed, or according to plans approved by the Board of Directors of the Association, which approval shall not be unreasonably withheld.

.2. Responsibility. If the damage is only to those parts of a unit for which the responsibility of maintenance and repair is that of a unit owner, then the unit owner shall be responsible for the reconstruction and repair after casualty. In all other instances, the responsibility for reconstruction and repair after casualty shall be that of the Association.

.3. Estimates of Costs. Immediately after a casualty causing damage to 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 so as to place the damaged property in condition as good as that before the casualty.

.4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair 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 areas and facilities, 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 property, and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds for the payment of such costs. Such assessment against unit owners for reconstruction and/or repair of damages 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 areas and facilities shall be in proportion to the owner's share in the common areas and facilities.

MISCONSTRUCTION

.5. 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 Insurance Trustee and funds collected by the Association from assessment against unit owners, shall be disbursed in payment of such costs in the following manner:

(a) Association. The proceeds of insurance collected on account of a casualty, and the sums deposited with the Association from collections of assessments against the unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(i) Unit Owner. The portion of insurance proceeds representing damage for which responsibility of reconstruction and repair lies with the unit owner shall be paid by the Insurance Trustee to the unit owner, or if there is a mortgagee endorsement, then to the unit owner and the mortgagee jointly.

(ii) Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than the total of the annual assessments for recurring expense to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request to the Insurance Trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided for the reconstruction and repair of major damage.

(iii) Association - Major Damage. If the amount of estimated costs of reconstruction and repair which is the responsibility of the Association is more than the total of the annual assessments for recurring expenses to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in Alabama and employed by the Association to supervise the work.

(iv) Surplus. It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance in the construction fund after payment of all costs of reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere herein provided.

15. Use Restrictions.

The use of the property of the condominium shall be in accordance with the following provisions:

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.1. Single Family Residences. The condominium property shall be used only for single family residences, and for the furnishing of services and facilities herein provided for the enjoyment of such residences. Each of the units shall be occupied only by a single family and its guests as a residence and for no other purpose.

.2. Nuisances. No nuisances shall be allowed upon the condominium property nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. 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.

.3. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned. No commercial use, except as set forth in Paragraph .4.

.4. Leasing. After approval by the Association as elsewhere required, entire units may be rented provided the occupancy is only by the lessee and his family and guests. No individual rooms may be rented and no transient tenants may be accommodated.

.5. Rules and Regulations. Reasonable Rules and Regulations concerning the use of the condominium property may be made by the DEVELOPER and amended from time to time by the Board of Directors of the Association; provided, however, that all such amendments thereto shall be approved by not less than a majority of the votes of the Association before such shall become effective. Members not present at meetings considering such 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 residents of the condominium upon request.

.6. Proviso. Provided, however, that until the DEVELOPER of the condominium has completed and sold all of the units of the condominium or until January 1, 1998, or until DEVELOPER elects to terminate its control of the condominium, whichever shall first occur; and provided, further, that until the DEVELOPER of the condominium has completed and sold eighty percent (80%) of the aggregate of all the units of the condominium or until four (4) years after the date of the filing of the certificate by the DEVELOPER, or until the DEVELOPER elects to terminate its control over the condominium, whichever shall first occur; neither the unit owners nor the occupants shall interfere with the completion of the contemplated improvements and the sale of the units. DEVELOPER may make such use of the unsold units and of the common areas and facilities as may facilitate such completion and sale, including but not limited to the showing of the property and the display of signs.

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16. Maintenance of Community Interests. In order to maintain a community of congenial residents, preserve the financial stability of the condominium regime, and protect the value of the units, the transfer of condominium parcels by any owner other than the DEVELOPER shall be subject to the following provisions so long as the condominium shall exist:

.1. Transfers Subject to Approval.

(a) Sale. No unit owner may dispose of a condominium unit or any interest therein by any sale without approval of the Association, except to another unit owner.

(b) Lease. No unit owner may dispose of a condominium unit or any interest therein by lease without approval of the Association, except to another unit owner.

(c) Gift. If any unit owner shall acquire his title by gift, the continuance of his ownership of his condominium unit shall be subject to the approval of the Association.

(d) Devise or Inheritance. If any unit owner shall acquire his title by devise or inheritance, the continuance of his ownership of his condominium unit shall be subject to the approval of the Association.

(e) Other Transfers. If any unit owner shall acquire his title by any manner not heretofore considered in the foregoing subsections, the continuance of his ownership of his condominium unit shall be subject to the approval of the Association.

.2. Approval by Association. The approval of the Association which is required for the transfer of condominium units shall be obtained in the following manner:

(a) Notice to Association.

(i) Sale. A unit owner intending to make a bona fide sale of his unit or any interest therein shall give to the Association at least thirty (30) days written notice of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Association may reasonably require.

(ii) Lease. A unit owner intending to make a bona fide lease of his unit or any interest therein shall give to the Association notice of such intention, together with the name and address of the intended lessee, and such other information concerning the lessee as the Association may reasonably require, and an executed copy of the proposed lease.

(iii) Gift, Devise or Inheritance; Other Transfers. A unit owner who has obtained his title by gift, devise, or inheritance, or by any other manner not heretofore considered, shall give to the Association notice of the acquiring of his title, together with such information concerning the unit owner as the Association may reasonably require, and a certified copy of the instrument evidencing the owner's title.

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(b) Certificate of Approval.

(ii) Lease. If the proposed transaction is a lease, then within thirty (30) days after receipt of such notice and information, the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President or Secretary in recordable form and shall be delivered to the lessee.

(c) Approval of Corporate Owner or Purchaser.
Inasmuch as the condominium may be used only for residential purposes, and a corporation cannot occupy a unit for such use, if the unit owner or purchaser of a unit is a corporation, the approval of ownership by the corporation may be conditioned by requiring that all persons to use or occupy the unit be also first approved by the Association

(a) Sale. If the proposed transaction is a sale, then within sixty (60) days after notifying the unit owner of such disapproval, the Association shall deliver or mail by certified mail to the unit owner an offer to purchase either by the Association or by a purchaser approved by the Association, and to whom the unit owner must sell the unit upon the following terms:

(i) At the option of the purchaser to be stated in his offer, the price to be paid shall be that stated in the disapproval contract to sell, or if less, then the fair market value, determined by arbitration in accordance with the the existing rules of the American Arbitration Association, who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale upon any award rendered by the arbitrators may be entered in a court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(ii) The purchase price shall be paid in cash.

(iii) The sale shall be closed within ten (10) days following the determination of the sale price.

(iv) If the Association shall fail to purchase or to provide a purchaser as herein required, then notwithstanding the disapproval, such transfer of ownership shall be deemed to have been approved, and the Association shall furnish a certificate of Approval as elsewhere provided.

.4. Unit Mortgage. No unit owner may mortgage his unit nor any interest therein without the approval of the Association except to a bank, life insurance company, a savings and loan association, or the Federal National Mortgage Association, like governmental groups or assigns. The approval of any other mortgage may be upon conditions determined by the Association or may be arbitrarily withheld.

.5. Blanket Mortgage. Notwithstanding any other provisions of this Declaration or the By-Laws, the entire condominium property or some or all of the unit included therein may be subjected to a single or blanket mortgage constituting a first lien thereon created by a recordable instrument executed by all of the owners of the property or units covered thereby. The instrument creating any such mortgage shall provide a method whereby any unit owner may obtain a release of his unit from the lien of such a mortgage, and a satisfaction and discharge in recordable form, upon payment to the holder of the mortgage of a sum equal to the 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, which proportionate share attributable to each unit shall be the proportion in which all unit owners whose units are then subject to the lien of such mortgage own among themselves the common elements and the private elements as provided in the Declaration, or such other reasonable proportion as shall be specifically provided in the mortgage instrument; and such mortgage may contain provisions for converting the same to individual mortgages on the individual units included therein.

.6. Exceptions. The foregoing provisions of this section entitled "Maintenance of Community Interests" shall not apply to a transfer to or purchase by any holder of the mortgage which comes into possession and title of his unit as a result of owning a mortgage upon the unit concerned, and this shall be so whether the title is acquired pursuant to the remedies provided in the mortgage

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or foreclosure of the mortgage, or deed from the mortgagor in lieu of foreclosure, nor shall such provisions apply to a transfer, sale or lease by such holder of the mortgage which so acquires its title. Neither shall such provisions require the approval of a purchaser who acquired the title to his unit at a duly advertised public sale with open bidding as may be provided by law, such as but not limited to execution sale, foreclosure sale, judicial sale or tax sale.

.7. Unauthorized Transactions. Any sale, mortgage or lease which is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

.8. Notice of Lien or Suit.

(a) Notice of Lien. A unit owner shall give notice to the Association of every lien upon his unit other than for permitted mortgages, taxes and special assessments, within five (5) days after the owner's receipt of notice thereof.

(b) Notice of Suit. A unit owner shall give notice to the Association of every suit or other proceeding which may affect the title to his unit, such notice to be given within five (5) days after the unit owner receives knowledge thereof.

(c) Failure to Comply with this subsection concerning liens will not affect the validity of any judicial sale.

17. Compliance and Default.

Each unit owner shall be governed by and shall comply with the terms of the condominium documents and regulations they may be amended from time to time. A default shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Condominium Ownership Act:

.1. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence or carelessness or by that of any member of his family or his or their guests, employees, agents or lessees, 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 insurance rates occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances.

.2. Costs and Attorneys' 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 proceeding and such reasonable attorney fees as may be awarded by the Court.

.3. No Waiver of Rights. The failure of the Association or any unit owner to enforce any covenant, restriction, or other provision of the Condominium Ownership Act, this Declaration, the By-Laws or the Rules and Regulations shall not constitute a waiver of the rights to do so thereafter.

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18. Covenant Against Partition.

There shall be no judicial or other partition of the project or any part thereof, nor shall DEVELOPER or any person acquiring any interest in the project or any part thereof seek any such partition unless the project has been removed from the provisions of the Condominium Ownership Act, as in said Act provided.

19. Amendment.

This Declaration of Condominium and the By-Laws of PHOENIX V ASSOCIATION, INC., may be amended in the following manner:

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

.2. Resolution. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by members having not less than ten percent (10%) of the total percentage values of those votes entitled to be cast at a meeting, and after being so proposed and thereafter approved by one (1) of such bodies, it must then be approved by the other to become effective. Directors and members not present at the meeting considering the amendment may express their approval or disapproval in writing provided such approval or disapproval is delivered to the Secretary at or prior to the meeting. Such approvals must be by not less than a majority of the Directors and by not less than two-thirds of the votes of the Association; provided, however, that any such amendment shall have been approved in writing by all mortgagees who are the holder of the mortgages which liens on the units of the approving owners; and provided, further, that every amendment that alters the percentage of undivided interest of an owner in the common areas and facilities or that alters or impairs any common area and facility or any easement or hereditament shall require the unanimous approval of all such owners and all such mortgagees.

.3. Recording. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the office of the Judge of Probate of Baldwin County, Alabama.

.4. Agreement. In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners, including first mortgagees, of units in the condominium in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the office of the Judge of Probate of Baldwin County, Alabama.

.5. Proviso. Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units, nor change any condominium unit nor increase the owner's liability for common expenses unless the record owner thereof and all record owners of liens thereon shall join in the execution of the amendment.

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.6. Provisions Pertaining to the Developer.

(a) Notwithstanding any other provisions herein contained, for so long as the DEVELOPER continues to own any of the units, the DEVELOPER reserves the unrestricted right to sell, assign or lease any unit which it continues to own after the recording or filing of this Declaration, and to post signs on the condominium property.

(b) Provided, however, that until the DEVELOPER of the condominium has completed and sold all of the units of the condominium or until January 1, 1998, or until DEVELOPER elects to terminate its control of the condominium, whichever shall first occur; and provided further, that until the DEVELOPER has completed and sold seventy-five percent (75%) of the aggregate of all units of the condominium, or until the DEVELOPER elects to terminate its control over the condominium, whichever shall first occur, the following additional provisions shall be deemed to be in full force and effect:

(i) The DEVELOPER reserves the right to amend the By-Laws of the Association.

(ii) The Directors of the Association shall be designated by the DEVELOPER and such Directors as may be so designated need not be unit owners.

(c) None of the provisions in this paragraph contained shall be construed so as to relieve the DEVELOPER from any obligations of a unit owner to pay assessments as to each unit owned by it, in accordance with the condominium documents.

20. Proportionate Changes in Common Expenses, Common Surplus and Voting Rights.

In the event of any one or more of the units are not rebuilt by reason of the loss of lands as a result of destruction, condemnation or otherwise, and therefore the number of units is reduced, or in the event the number of units is reduced because of its lien as heretofore provided, or (b) an entity has acquired title to a unit as a result of owning a mortgage upon the unit concerned, whether by deed from the mortgagor or through foreclosure proceedings, then the proportionate share of the common expenses and of the common surplus and the voting rights of each unit shall be increased by adding to each remaining unit their proportionate percentages of ownership out of the percentages of ownership of the units so reduced.

21. Termination.

The condominium may be terminated in the manner provided by the Alabama Uniform Condominium Act; provided, however, that in the event of termination, each unit shall be subject to the payment of a share of the common expenses as heretofore defined, subject to increase as provided in Paragraph 20 hereof.

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22. Eminent Domain.

.1. Partial Taking Without Direct Effect on Units. If part of the condominium shall be taken or condemned by any authority having the power of eminent domain in such manner that no unit is taken, compensation and damages for and on account of the taking of the common elements, exclusive of compensation for consequential damages to affected units shall be payable to the Association as Trustee for all unit owners and mortgagees of record according to the loss or damages to their respective interests in the common elements. The Association, acting through its Board of Directors, shall have the right to act on behalf of the unit owners with respect to the taking and compensation affecting the common elements, without limitation of the right of the unit owners to represent their own interests. Such proceeds shall be paid to the Association and shall be used promptly to the extent necessary for restoring or replacing improvements so taken on the remaining property in a substantial compliance with the original plans and elevations of the improvements as soon as possible and so as to restore the general value of the condominium. In the event such restoration or reconstruction is impossible or impractical, or in the event there is an award in excess of the amount necessary to so substantially restore or reconstruct the common elements, the amount of such award or the excess, as the case may be, shall be distributed by the Association to the unit owners in proportion to their share of undivided interest in the common elements. Nothing herein shall be deemed to prevent unit owners whose units are affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their behalf for damages relating to loss of value of the affected units, or personal improvements therein, exclusive of damages related to the taking of common elements. In the event the condemnation award does not allocate damages to specific units, but includes an award for reduction in value of the units without such allocation, the award shall be distributed to the affected unit owners and mortgagees of record in proportion to each unit owner's undivided interest in the common elements.

.2. Partial or Total Taking Directly Affecting Units. If part or all of the condominium shall be taken or condemned by any authority having the power of eminent domain in such manner that any unit or part thereof is taken, the Association shall have the right to act on behalf of the unit owners with respect to common areas as in subsection .1. of this Paragraph 22, and the proceeds shall be used or distributed as outlined therein. The Association, acting through its Board of Directors, shall have the right to act on behalf of the unit owners affected with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the taken area, without limitation on the right of the unit owners to represent their own interests. The awards so made shall be used by the Association first to restore the units and improvements on the remaining common elements in the same manner as provided for restoration or reconstruction under Paragraph 14 of this Declaration, to the extent possible attempting to rebuild buildings containing new units of the same number, size, and basic plan as the units taken, and with any excess award distributed as provided in subsection .1. of this Paragraph 22. In the event that the Board of Directors determines that such a taking so removed land and buildings containing units that they cannot effectively restore or replace substantially in compliance with

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EXHIBIT "A"

PARCEL 1:

Lots 16, 17 and 18, Block B, of the Subdivision 2, of Fractional Section 18, Township 9 South, Range 5 East, as recorded in Map Book 5, Page 133 of the records of the Judge of Probate, Baldwin County, Alabama.

PARCEL 2:

Beginning at the Northeast corner of Lot 18, Block B, of the Subdivision 2, of Fractional Section 18, Township 9 South, Range 5 East, as recorded in Map Book 5, Page 133 of the records of the Judge of Probate, Baldwin County, Alabama; thence run North 69 degrees 10 minutes 11 seconds East along the south line of the State of Alabama Highway No. 182 (120 feet right of way) a distance of 119.28 feet to a point; thence run South 00 degrees 08 minutes 59 seconds East a distance of 810.7 feet to a point on the North margin of the Gulf of Mexico; thence run Southwestwardly along the North margin of the Gulf of Mexico a distance of 122.7 feet to a point which is South 00 degrees 19 minutes 09 seconds West a distance of 802.0 feet from the Point of Beginning; then run North 00 degrees 19 minutes 09 seconds East a distance of 802.0 feet to the Point of Beginning.

THE SUBJECT PROPERTY IS NOT NOR HAS IT EVER BEEN THE HOMESTEAD OF MORTGAGORS.

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