

DECLARATION OF CONDOMINIUM
OF
KAMCO DEVELOPMENT CORPORATION

THIS DECLARATION, made the 17th day of October, 1985, by KAMCO Development Corporation, an Alabama Corporation, (hereinafter "Declarant"), for itself, respective successors, grantees, and assigns, pursuant to the Condominium Ownership Act of Alabama, Code of Alabama, 1975, Sec. 35-8-1, et seq., for the purpose of creating a condominium and establishing certain easements, covenants and restrictions to run with the land.

1. Submission of Property.

The Declarant hereby submits the land located in Shelby County, Alabama, and more particularly described in Exhibit "A" (Legal Description) to this Declaration, together with the improvements thereon, and leased by the Declarant, for a term of fifty-two (52) years, (hereinafter called the "Property"), to the provision of the Condominium Ownership Act of Alabama, to create a plan of condominium ownership of the Property.

The Property is shown on the Condominium Plat and Plans which identify the Common Elements and the Private Elements. The Plat and Plans, dated October, 1985, consisting of one sheet, have been drawn by Reynolds, Perry & Wilson Engineers, and bear their certification that said Plan and Plans accurately depict the improvements as built. The Condominium Plat and Plans are an integral part of this Declaration and are filed as a part of this Declaration in the Office of the Judge of Probate of Shelby County, Alabama, and are attached hereto as Exhibits "A" and "B".

2. Name and address of Condominium.

The name of this Condominium is: Pine Hill, Phase I, Condominium. The post office address of the Corporation is Route 2, Box 609, Calera, Alabama 35040.

3. Definitions:

The following terms used in this Declaration and in the other documents constituting the Condominium instruments are intended to be consonant with the meanings ascribed to them by the Condominium Act and are defined as follows:

3.1 "Act" or "Condominium Ownership Act" means the Condominium Ownership Act of Alabama, Code of Alabama, 1975, Sec. 35-8-1, et seq.

3.2 "Articles of Incorporation" means the Article of Incorporation of the Pine Hill, Phase I, Condominium Association, Inc., recorded in the office of the Judge of Probate, Shelby County, Alabama.

3.3 "Assessment" means a proportionate share of the funds required for payment of the Common Expenses which from time to time may be levied against each Unit Owner by the Board of Directors of the Association.

Billy Lee Elliott
ATTORNEY AT LAW

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3.4 "Association" or "Unit Owners Association" means all of the Unit Sublessees acting as a group in accordance with Section 8, and Articles of Incorporation and the By-Laws of the Pine Hill, Phase I, Condominium Association, Inc.

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

3.6 "By-Laws" means the set of By-Laws, identified as Exhibit "C", recorded simultaneously with the Declaration, providing for the self-government of the Condominium by the Association in accordance with Sec. 35-8-10 of the Condominium Act, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Condominium Act.

3.7 "Common Elements" means the parts of the Condominium Property in which all of the Unit Owners have an undivided interest as set forth and defined in Section 5 and 6 of this Declaration and the Plans.

3.8 "Common Elements" includes those as identified by the Act, and include all lawful expenditures made or incurred by or on behalf of the Association, together with all lawful assessments for the creation and maintenance of reserves made pursuant to the provisions of the Condominium instruments.

3.9 "Common Surplus" means all income collected or accrued by or on behalf of the Association.

3.10 "Condominium" means the Property and all incidents thereto or interests therein which is more particularly described in Section 1 and which is being submitted to the provisions of the Condominium Act by the recording of this Declaration and the other Condominium Instruments.

3.11 "Condominium Instruments" means this Declaration, the Articles of Incorporation, the By-Laws, the Condominium Plat and the Condominium Plans, and any and all exhibits, schedules for certificates thereto, including the Regulatory Agreement, and all amendments thereto which are recorded pursuant to the provisions of the Condominium Ownership Act.

3.12 "Condominium Plans" or "Plans" means the plans showing each Unit, and any amendments thereto.

3.13 "Condominium Plat" or "Plat" means one or more plats of survey of the Condominium, and any amendments thereto.

3.14 "Condominium Property" or "Property" means all property covered by the Declaration, and includes the Land and all improvements now existing or hereafter placed thereon, all easements, rights, interests and appurtenances thereto, and all personal property now or hereafter used in connection therewith.

3.15 "Declarant" means KAMCO Development Corporation, an Alabama Corporation.

3.16 "Declaration" means this instrument and such amendments thereto as may be recorded from time to time.

3.17 "First Mortgagee" means the holder of any first mortgage or sublessee or the beneficiary under any first deed of trust encumbering a Unit. The term "mortgage" is deemed to include the term "deed of a trust" and to include lease.

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3.18 "Identifying Number" means one or more letters or number of both, that identifies only one Unit in the Condominium.

3.19 "Land" means the real property described in Exhibit "A" to this Declaration, exclusive of the Units, including all easements and rights appurtenant thereto.

3.20 "Managing Agent" means the agent identified in Section 4.2 of the By-Laws.

3.21 "Member" means a member of the Association, membership in which is confined to persons holding leasehold ownership in a Unit.

3.22 "Par Value" means the number of points assigned to each Unit by this "Declaration" as set forth in Exhibit "B", to this Declaration.

3.23 "Percentage Interest" means the undivided interest (stated as a percentage) of each Unit in the Common Elements, as set forth in Exhibit "B" to this Declaration.

3.24 "Person" means a natural person, corporation, partnership, association, trust or other entity capable of holding title to real property, or any combination of any of the foregoing.

3.25 "Private Elements" means a part or parts of the Condominium Property intended for the exclusive ownership and possession by a Unit Owner.

3.26 "Rule and Regulations" means those rules and regulations adopted from time to time by the Board of Directors that are deemed necessary for the enjoyment of the Condominium, provided they are not in conflict with the Condominium Act or the Condominium Instruments, including the Regulatory Agreement.

3.27 "Unit" means the Private Elements of the Condominium Property together with the undivided interest in the Common Elements, which are assigned thereto in this Declaration, together with the interests, easements, and other rights appurtenant to a Unit as provided for under Section 35-8-5 of the Act.

3.28 "Unit Owner" or "Owners" means the owner of record title to a lease in a Unit, and shall include the Declarant so long as Declarant is the Owner of any Unit unless otherwise herein specified.

3.29 "Utility Services" as described in the Declaration and By-Laws, shall include, but not be limited to, electric power, gas, hot and cold water, heating, air conditioning, garbage and sewage disposal.

4. Description of Improvements and Identification of Units.

4.1 Description of Improvements. The purpose of this Declaration is to submit the Land described on Exhibit "A" hereto and all improvements constructed or to be constructed thereon, and all easements, rights and interest appurtenant thereto, to the Condominium form of ownership and use in the manner provided for in the Condominium Ownership Act of Alabama. The Declarant has constructed or shall construct units. These units are described particularly in the attached Condominium Plans and Plat.

4.2 Identification of Units. Each Unit is assigned a number or letter or a combination thereof which is indicated on the Plans and Exhibit "B", hereto so that no Unit bears the same designation as any other Unit, and is described as to number, including location, dimensions and other data necessary for its proper identification on the Plans. The Plans have been prepared in such a manner as to also permit the identification of the Par Value and Percentage of Interest of each Unit, as well as the Identification and location of the Common Elements and the Private Elements.

4.3 Exclusive Ownership. Each Unit Owners shall have (i) exclusive ownership and possession of the Private Elements of his Unit, described in paragraph 4.5 herein; (ii) an undivided interest in Common Elements described in Section 5 herein; (iii) such exclusive and non-exclusive easements as are granted herein.

4.4 Dimensions of Units. Each Unit shall include as Private Elements the volumes or cubicles or space which lie within the lower, upper and lateral or perimetrical boundaries described as follows:

Horizontal Boundaries: The upper and lower boundaries of each Unit shall be the following boundaries extended to an intersection with the perimetrical boundaries:

(a) The upper boundaries shall be the lower unfinished surface of the ceiling.

(b) The lower boundaries shall be the plane of the upper surface of the structural slab, concrete deck or other sub-flooring material which serves as the Unit's floor, excluding any floor covering such as carpeting or vinyl, asbestos or ceramic tile.

Lateral or Perimetrical Boundaries: The perimetrical boundary of each Unit shall be the vertical planes of the exterior surfaces or exterior windows, glass doors and entry doors, and the unfinished interior surfaces of the exterior walls, extended to their planar intersections with each other and with the upper and lower horizontal boundaries.

4.5 Items Included in the Private Elements in a Unit. Each unit contains (i) all non-structural interior partition walls located within the boundaries of the Unit excepting such part as may comprise part of the Common Elements; (ii) the decorated surfaces of all boundary walls, ceilings and floors, including wallpaper, paint, interior brick surface, lath, wallboard, plaster, carpeting, floor and other finishing materials; (iii) all immediately visible fixtures, appliances, kitchen cabinets, and water and sewage pipes located within the boundaries of the Unit and serving only the Unit; (iv) the mechanical systems and installations, including the individual compressor, providing service to the Unit, such as electrical power, lights, gas, hot and cold water, heating and air conditioning, and including all lines, pipes, ducts, flues, chutes, conduits, cables, wires and other apparatus in connection therewith.

4.6 Exclusive Easement. An exclusive easement is granted to each Unit Owner to have exclusive use of the surface area of the interior walls (not included in the Private Elements) and the surface area of the interior portion of any exterior walls in the Unit. Said use shall include the right to paint, wallpaper, adorn or use to hang or mount objects upon said interior surface area of the wall provided such actions are not prohibited by the

Declaration, Articles of Incorporation, By-Laws and Rules and Regulations. This easement shall not, however, be construed as giving the Unit Owner the right to remove, alter or remodel or in any way endanger the structural soundness of said wall. Nothing in this section shall be construed as limiting in any way the right of the Association for performing maintenance on or making repairs or improvements to said walls, provided such maintenance, repairs or improvements are authorized by the Declaration, By-Laws or Regulatory Agreement. Nothing in this section shall be construed to relieve the Association of its duties to maintain said walls, it being expressly understood that such walls are to remain a part of the Common Elements, subject to the exclusive easement herein granted.

5. Ownership, Composition and Use of the Common Elements.

5.1 Items Included Within Common Elements. The Common Elements shall include the common areas and facilities located substantially as shown on the Plans. Such common areas and facilities will include the following, unless specifically included within a Unit:

(a) The Land described in Exhibit "A".

(b) The foundations, footings and slab flooring (excluding the concrete slab flooring described in Section 4.5 hereinabove), exterior walls, roofs, girders, beams, supports and firewalls.

(c) Such portions of the access road described on the Plat and Plans, walkways, driveways, parking areas, recreational areas, including picnic tables and landscaping.

(d) All water storage tanks, meters, hose bibs, pumps, sewer lines and the like, if any, of the foregoing.

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

(f) All attics.

5.2 Allocation of Percentage Interests. Each Unit is allocated an undivided Percentage Interest in the Common Elements equal to the Par Value assigned to that Unit in Section 6 and set forth in Exhibit "B" to this Declaration. The Percentage Interest in the Common Elements shall not be separate from the Unit and shall be deemed to be conveyed or encumbered with the Unit even though such undivided interest is not expressly mentioned or described in the document of conveyance or encumbrance.

5.3 Use of Common Elements. The use of the Common Elements shall be limited to the Unit Owners in residence, to their tenants in residence and to their guests, invitees and licensees and shall be governed by the Condominium Instruments and the Rules and Regulations.

5.4 No Revocation, Abandonment or Partition. The Common Elements shall remain undivided and shall not be abandoned by act or omission and no Unit Owner or other person may bring any action for partition or division of the Common Elements unless the condominium regime is terminated pursuant to the procedures set forth in the Condominium Act and such revocation, abandonment or partition is approved by HUD and VA.

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5.5 Suspension and Limitation of Use. The Board of Directors may suspend or limit the right of any Unit Owner or other person to use any part of the Common Elements upon failure of such Unit Owner or other person to observe the provisions of the Condominium Instruments and the Rules and Regulations governing the use of the Common Elements.

6. Assignment of Par Value and Allocation of Percentage Interest to Each Unit.

Each Condominium Unit is identified in Exhibit "B" to this Declaration by a separate Identifying Number or letter and number. Each Unit is assigned the Par Value and is allocated the Percentage Interest in all undivided common areas as set forth in paragraph 5.2 herein. The Par Value of each Unit is based on the ratio that each Unit bears to the total number of units per building. For example, where 24 Units exist in a building, each Unit shall have a par value of 1/24th. The Par Value of a Unit shall not be deemed to reflect or control the sales price or fair market value of any Unit, and no opinion, appraisal or fair market transaction shall affect Par Value of any Unit or any Percentage Interest, liability for Common Expenses or rights to Common Surplus assigned or allocated on the basis of Par Value.

7. Unit Owners' Association.

Operation and administration of the Condominium shall be performed by an Association, pursuant to the provisions of the Act, which is a not-for-profit corporation, and is organized and fulfills its functions pursuant to the following provisions:

7.1 Name. The name of the Association Pine Hill, Phase I Condominium Association, Inc. recorded in Real Volume _____, Page _____, in the Probate Court of Shelby County, Alabama.

7.2 Powers and Duties. The powers and duties of the Association shall include those set forth in the Act, this Declaration, the Articles of Incorporation, the By-Laws and the Regulatory Agreement, and it shall have the power to purchase one or more Units of the Condominium.

7.3 Members.

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

(b) Change of Membership. Change of membership in the Association shall be established by recording in the public records of Shelby County, Alabama, of the deed or other instrument establishing a record title to a Unit of 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. Membership of the prior owner shall be thereby terminated. All present and future owners, tenants and occupants of the Unit shall be subject to, and shall comply with the provisions of this Declaration, the By-Laws and all Rules and Regulations, as may be amended from time to time.

(c) Voting Rights. The vote for a Unit shall be cast by the Unit Owner thereof or the duly authorized proxy of the Unit Owner or the Unit Owner's certified voting representative in the manner provided by the By-Laws. Each Unit Owner is entitled to vote the Par Value of each Unit owned by him.

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7.4 By-Laws. The By-Laws of the Association shall be in the form attached hereto as Exhibit "C".

7.5 Agent to Receive Service of Process. The following corporation, whose place of business is in Jefferson County, Alabama, is designated as an agent to receive service of process upon the Association: Timothy A. Massey, 623 Red Lane Road, Suite 200, Birmingham, Alabama 35215.

7.6 Indemnification of Officers and Directors. Every Director and every officer of the Association shall be indemnified by the Association against expenses and liabilities, in the manner provided for in the By-Laws.

8. Operation of the Condominium.

8.1 Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Condominium is the calendar year; provided that the fiscal year may be changed by the Board of Directors at its discretion.

(b) Annual Budget. On or before a date which is not less than 15 days prior to the end of each fiscal year, commencing with the fiscal year beginning after the one year period described in Section 8.1 (f), for the succeeding fiscal year (hereinafter called the "Annual Budget", the Annual Budget shall be published and contain an estimate of the amount necessary to pay the Common Expenses of the applicable fiscal year in a reasonably itemized form and a statement of the amount of the Common Expenses payable by each Unit Owner. The Board of Directors shall send to each Unit Owner at least 10 days prior to the commencement of each fiscal year a copy of the Annual Budget for the fiscal year.

(c) Assessment and Payment of Common Expenses. The total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the Annual Budget adopted by the Board of Directors for the future fiscal year shall be assessed against each Unit in amounts equal to that unknown figure which shall be calculated by multiplying that Unit's percentage interest in undivided common areas by the total amount of estimated funds required to pay common expenses. Assessment for the Common Expenses shall be a lien against such Unit as of the first day of the fiscal year to which such Annual Budget applies. A Unit Owner shall be personally liable for all lawful assessments, or installments thereof, levied against his Unit which become due while he is the owner of the Unit; and this liability of the Unit Owner is in addition to the lien for assessments in favor of the Association on the Unit created by the Act. On or before the first day of each fiscal year, and on the first day of each of the succeeding 11 months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the managing Agent (as determined by the Board of Directors), or, in the appropriate cases, the First Mortgagee, one-twelfth of the assessment for such fiscal year. Common Surplus in excess of Common Expenses (including reserves) as of the end of a fiscal year shall be returned to the Unit Owners or credited to the assessments due under the Annual Budget for the next succeeding fiscal year, as may be determined by the Board of Directors, in proportion to the Par Value of their respective Units.

(d) Reserve Fund for Capital Improvements, Replacements and Major Repairs. The Board of Directors shall establish and

maintain a reasonable fund for capital improvements, replacement and major repairs by providing for a reserve fund in the Annual Budget, segregating such reserve fund on the books of the Condominium, and allocating and paying monthly to such reserve fund for the current fiscal year. The portion of the Unit Owner's assessments paid into such reserve fund may be expended for the purposes of capital improvements, replacements and major repair, the Board of Directors may at any time levy an additional assessment against the Unit Owners in proportion to the respective Par Value of their Units (or as otherwise provided in the last sentence of Section 8.6 of Declaration), payable into such reserve fund in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall give notice of any such further assessment on the Unit Owners by a statement in writing giving the amount and reasons therefore, and such additional assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly assessment payment which is due more than 10 days after the delivery or mailing of such notice of additional assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

The proportionate interest of any Unit Owner in any reserve fund shall be considered an appurtenance of his Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it is appurtenant, and shall be deemed to be transferred with such Unit. Notwithstanding any provisions to the contrary, the Board of Directors shall establish, maintain and administer the reserve fund.

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(e) Special Assessments. In addition to the assessments authorized above, the Board of Directors may levy a special assessment for the purpose of defraying the cost of any unexpected repair or other non-recurring contingency, or to meet any deficiencies occurring from time to time. The fund resulting from such special assessment shall be assessed in the manner set forth in Paragraph (d) of this Section 8.1 with respect to additional assessments payable to the reserve fund for capital improvements, replacements and major repairs. Notwithstanding the foregoing, the Board of Directors may not levy a special assessment for any purpose other than to defray the cost of unexpected repairs, without first receiving the approval of the owners of eighty percent (80%) of the Par Value of the Units.

(f) Initial Budget. When the first Board of Directors takes office, it shall determine the Annual Budget, as defined in this Section, for the period commencing upon the sale of the first Unit by the Declarant and ending on the last day of the fiscal year in which its election occurs. Assessments shall be levied against the Unit Owners during such period in accordance with Paragraph (c) of this Section.

(g) Effect of Failure to Prepare or Adopt Annual Budget. The failure or delay of the Board of Directors to adopt the Annual Budget for any fiscal year shall not constitute a waiver of release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of an Annual Budget or adjusted Annual Budget, each Unit Owner shall continue to pay a monthly assessment at the rate established for the preceding fiscal year until a monthly assessment is adopted under such new Annual Budget or adjusted Annual Budget and notice thereof has been set to the Unit Owners.

(h) Liability of Unit Owners. It is intended that the liability of any Unit Owner arising out of any contract made by the Board of Directors or arising out of any contract made by the Board of Directors or arising out of the indemnification of the Board of Directors shall be limited to such proportion of the total liability thereunder as the Par Value of his Unit bears to the aggregate Par Values of all Units. Every agreement made by the Board of Directors or by the Managing Agent on behalf of the Unit Owners shall provide, to the extent possible, that the case may be, are acting only as agents for the Unit Owners; and that the Unit Owner's personal liability thereunder shall be limited as described in this paragraph.

(i) Accounts. All amounts collected by the Board of Directors with respect to assessments against the Unit Owners may be commingled in a single fund, but shall be held for each Unit Owner in accordance with the Par Value of his Unit.

8.2 Payment of Common Expenses by Unit Owners. All Unit Owners shall be obligated to pay the assessment for the Common Expenses adopted by the Board of Directors pursuant to Section 8.1. No Unit Owner may exempt himself from liability for his construction toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale or other conveyance by him of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amount paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement from the Board of Directors or the Managing Agent, setting forth the amount of the unpaid assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that if the First Mortgagee of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure or deed (or assignment) in lieu of foreclosure of a first mortgage, such purchaser, its successors and assigns shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment shall be collectable from all Unit Owners, including the purchaser, in proportion to the Par Value of their respective Units. No amendment to this Section shall affect the rights of any First Mortgagee which has recorded its mortgage prior to recordation of such amendment unless the First Mortgagee joins in the execution of such amendment.

8.3 Collection of Assignments. The Board of Directors shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than 30 days after the due date for the payment thereof, and may impose penalties for late payment. The Association shall have a lien against the Unit, and all personal property located within such Unit, of each Unit Owner failing to pay any Assessment, except that such liens shall be subordinate to prior bona fide liens of record. Reasonable attorney's fees incurred by the Association incident to the collection of such Assessments or the enforcement of such liens shall also be payable by the Unit Owner and secured by such lien. The Association may take such action

as it deems necessary to collect Assessments either by personal action against the Owner of the Unit against which such Assessment has been made, or by enforcing and foreclosing said lien or by exercising both of such remedies. The Association may settle and compromise any Assessment if it is deemed to be in its best interest to do so. The lien of an Assessment shall be effective as and in the manner provided for by the Act, and shall have the priorities established by said Act. The Association shall be entitled to bid at any sale held in connection with the foreclosure of an Assessment lien, and may apply as a cash credit against its bid all sums secured by the lien enforced.

8.4 Statement of Unpaid Assessments.

(a) Upon written request to the Board of Directors by a Unit Owner or purchaser of a Unit, the Board of Directors, or a duly designated agent thereof, or the Managing Agent, shall furnish (within the time period prescribed by the Act) a recordable statement setting forth the amount of unpaid assessments levied against such Unit.

(b) The Board of Directors may impose a reasonable fee not to exceed \$30.00 for each such statement requested and payments thereof shall be a prerequisite to the issuance of a statement.

8.5 Maintenance and Repair.

(a) By the Association. The Association, acting through the Board of Directors, shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(1) The Common Elements (except as provided for in Paragraph 8.5 (b)) excluding, however, the surfaces of all walls, floors, ceilings, entrance doors and windows of a Unit.

(2) Incidental damage caused to a Unit by such work done by the Association.

This section 8.5 (a) shall not relieve a Unit Owner of liability for damage to the Common Elements caused by the Unit Owner, his guests or invitees or as to the consequence of the negligence or willful misconduct of such Unit Owner, his guest or invitee.

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

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

(2) The plumbing, heating, ventilation, air conditioning and electrical systems serving only that Unit, whether located within or without the boundary of that Unit, including the heater and air conditioning compressor, hot water heaters, fuse boxes,

wiring, and all other plumbing, electrical, gas or mechanical systems. In the event any such system or a portion thereof is within another Unit or requires access to another Unit, the repair, maintenance or replacement thereof shall be performed by the Association, and the cost thereof shall constitute an Assessment against the Unit Owner responsible therefor.

(c) Unit Owner's Covenants. Each Unit Owner agrees as follows:

(1) To perform all maintenance, repairs and replacements which are his obligation under Section 8.5 (b) hereinabove.

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

(3) Not to make, or cause to be made, any repairs to any plumbing, heating, ventilation or air conditioning systems located outside his Unit but required to be maintained by him under Section 8.5 (b) (2) hereof except by licensed plumbers or electricians authorized to do such work by the Association or its delegate.

(4) Not to make any addition or alteration to his Unit or to the 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.

(5) To make no alterations, additions, improvements, decoration, repair, replacement or change to the Common Elements, or to any outside or exterior portion of the Unit, specifically including, but not limited to, installing garage or other exterior doors, or affixing outshutters to windows, without the prior written consent of the Association. If consent is granted, the Unit Owner shall use only a contractor approved by the Association, who shall comply with all Rules and Regulations with respect to the work which may be adopted by the Association. The Unit Owner shall be liable for all damages to another Unit and to the Common Elements caused by any contractor employed by such Unit Owner or by the subcontractors or employees of such contractor, whether said damages are caused by negligence, accident or otherwise.

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

(d) Facade. The Association shall determine the exterior color scheme of the Units, and shall be responsible for the maintenance thereof except as may be otherwise provided for herein, and no Owner shall paint any exterior surface, including fences, or add or replace anything thereon or affixed thereto, without written consent of the Board of Directors as described in Paragraph 8.7 herein.

(e) Repairs. The Association shall be responsible for the maintenance, repair and replacement of the Common Elements, except as otherwise provided for in Section 8.5 (b); provided, that if any repairs or replacements are made necessary because of abuse or negligent use thereof by a Unit Owner, the cost of such repair or replacement may be assessed against such Unit Owner.

8.6 Additions, Alterations or Improvements by the Association. Whenever in the judgment of the Board of Directors

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the Common Elements shall require additions or improvements costing in excess of \$4,000.00 during any period of 12 consecutive months and the making of such additions, alterations or improvements shall have been approved by the majority of votes in the Association and such additional approval is required by the Regulatory Agreement, By-Laws or Articles of Incorporation, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing less than \$4,000.00 during any period of 12 consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if, in the opinion of not less than 80% of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owner or Unit Owners shall be assessed therefor, in such proportions as they jointly approve, if more than one Unit Owner, or, if they are unable to agree thereon, in such proportions as determined by the Board of Directors.

8.7 Structural Additions, Alterations or Improvements by Unit Owners. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement (by painting or otherwise) in such Unit Owner's Unit within 45 days after such request, but its failure to do so within the stipulated time shall not constitute a consent of the Board of Directors to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors or any of them or the Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim or injury to a person or damage to property arising therefrom. The provisions of this Section 8.7 shall not apply to units owned by the Declarant or its designee until a deed for such unit has been delivered to a purchaser thereof.

8.8 Alterations of Plans by Declarant. Declarant reserves the right to change the interior design and arrangements of all Units and to alter the boundaries between the Units as long as Declarant owns the Units so altered. No change shall increase the number of Units nor alter the boundaries of the Common Elements without amendment of this Declaration by approval of the Association, Unit Owners and First Mortgagees in a manner elsewhere provided. If Declarant shall make any change in Units so authorized, such change shall be reflected by the filing in the Office of the Judge of Probate of Shelby County of an amendment to this Declaration. If more than one Unit is concerned, the Declarant shall apportion between the Units the shares and Common Elements appurtenant to the Units concerned.

8.9 Restrictions on Use of Units and Condominium.

(a) The Board of Directors is authorized to promulgate, amend and enforce Rules and Regulations concerning the operation and use of the Condominium (all as more particularly described in Article XI of the By-Laws); provided, that such Rules and Regulations are not contrary to or inconsistent with the Act, the Declaration, By-Laws of the Church of the Nazarene and the rules and politics of the Rolling Hills Camp Board. A copy of the

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Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time they become effective.

(b) All present and future Unit Owners, tenants and occupants of Units and any person who uses any part of the Condominium in any manner, are subject to, and shall comply with, the provision of the Condominium Instruments and the Rules and Regulations. The acquisition, rental or occupancy of a Unit or the use of any part of the Condominium by any person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Instruments and the Rules and Regulations, and such provisions shall be deemed to be enforceable equitable servitudes and 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 in full in each and every deed of conveyance or lease thereof. Failure to comply with any of such provisions shall be grounds for legal and equitable relief, maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Unit Owner against another Unit Owner or the Association. In any such action at law or in equity which is successfully brought by or on behalf of the Association, the Association shall be entitled to recover all reasonable costs and expenses of any such action, including reasonable attorney's fees.

(c) The use of the Condominium is subject to the following restrictions:

(1) No Unit Owner or other resident of the Condominium shall post any advertisements or posters of any kind or on the Condominium except as authorized by the Board. This restriction shall not apply to advertisements, signs or posters utilized by the Declarant, or its agents, in selling the Units.

(2) All Units shall be used only for private residential purposes. This provision shall not be construed to prevent the Declarant from using any Unit for a model, sales office or display purpose nor to prohibit the leasing of the Units owned by the Declarant, subject to the provisions of the Condominium Instruments. The Declarant in adopting the Condominium Instruments specifically reserves an easement and express right and power to so utilize these Units. No activity shall be conducted or maintained in any Unit or upon any of the Common Elements which is not in conformity with all applicable zoning regulations or other ordinances.

(3) The maintenance, keeping and/or raising of animals, of any kind, shall be regulated by the Rules and Regulations of the Association. Any Unit Owner who keeps or maintains any pet within his/her Unit shall be deemed to have indemnified and agreed to hold the Association, each of its members and the Declarant and Managing Agent, free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be inoculated as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance, to remove such pet from the premises and the Board of Directors, after affording the right to a hearing to the Unit Owner affected, shall have the exclusive authority to declare any pet a nuisance, and to limit the number and size of pets per Unit.

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(4) No nuisances shall be allowed in the Condominium nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium by its residents.

(5) No Unit or Common Elements of the Condominium may be used for any lawful, immoral or improper purpose.

(6) No Unit Owner, resident or lessee shall direct or engage any employee of the Association on any private business of such Unit Owner, resident or lessee, nor shall he direct, supervise or in any manner attempt to assert control over any such employee or over any contractor acting under a contract or agreement with the Association, unless such activity is first approved in writing by the Board of Directors.

(7) In the use of the Units and the Common Elements of the Condominium, Unit Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable Rules and Regulations adopted by the Board of Directors.

(8) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

(9) In no event shall a Unit be rented for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days; or (b) any rental if the occupants of the Unit are provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. All leases shall be in writing and subject to the Declaration and By-Laws.

(10) Any lease shall be consistent with the provisions of the Condominium Instruments, as the same may be amended from time to time, and with the Rules and Regulations of the Condominium; and the Board of Directors has the power but not the obligation to terminate such lease or to bring legal proceedings to evict the tenant and enforce the lease in the name of the lessor thereunder and at lessor's expense, in the event of a default by the tenant in the performance of such lease. The restrictions of this paragraph shall not apply to the Declarant or any mortgagee who comes into possession of a Unit pursuant to a foreclosure sale, judicial sale or transfer or conveyance in lieu of foreclosure.

(11) There is reserved on the Plat and Plans a private access road which runs parallel to Vally Crest Drive. No Unit Owner, his tenant, guest or invitee shall undertake any activity whatsoever which shall unreasonably limit or obstruct ingress or egress over the private access road.

(12) Right of Access. Each Unit Owner grants a right of access to his Unit to the Board of Directors, the Managing Agent and to any other person authorized by the Board of Directors for the purpose of making inspections and for the pupose of correcting any condition originating in his Unit and threatening other Units or Common Elements, or for the purpose of installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit, if any, or to correct any condition which violates the provisions of any mortgage covering another Unit, or to enforce any provision of the Condominium Instruments, provided that requests for entry are

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made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate whether the Unit Owner is present at the time or not. Each Unit Owner further grants a right of access to his Unit to Declarant or his agent, or other authorized representative who is not Declarant's agent, for the purpose of making all repairs required by any warranty delivered to the Unit Owner at the closing of his Unit. To the extent that damage is inflicted on the Common Elements or any Unit through which access is taken, the Unit Owner or the Unit Owner's Association, if it caused the same, shall be liable for the prompt repair thereof.

8.11 Limitation of Liability. The Association shall not be liable for any failure of water supply, fire protection, or other services to be obtained by the Association or paid for out of the Common Expense funds, for problems resulting from the operation or lack of operation of the sewer lines servicing the Condominium Property, or for injury or damage to person or property caused by the elements or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the Owner of any Condominium Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of Common Expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements, or to any Condominium Unit, or from any action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority or for the dispossession of the Unit Owner by reason of fire or other casualty, except to the extent covered by insurance.

8.12 Declarant's Transfer of Control to Owners' Association. The Declarant shall relinquish all special rights, express or implied, by which the Declarant may directly or indirectly control, direct, modify, or veto any action of the Association, its Board of Directors, or a majority of the Unit Owners, and control of the Association shall pass to the Owners of Units within the Condominium not later than the following:

- (i) 120 days after the date by which 75% of the Units have been conveyed to Unit purchasers; or
- (ii) Two years following the first conveyance to a Unit purchaser.

Notwithstanding any language to the contrary, the requirements of this paragraph shall not affect the Declarant's rights, as a Unit Owner, to exercise the votes allocated to Units which the Declarant owns and such other rights as are expressly granted in this Declaration and its By-Laws. The transfer of control shall take place at the first annual meeting of the Association, all as described in paragraph 3.4 of the By-Laws.

9. Insurance Provisions.

Insurance which shall be carried on the Condominium Property shall be governed by the provisions of this Section 9.

9.1 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 mortgages as their

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interests may appear, and shall provide that all proceeds covering casualty losses shall be paid to the Board of Directors, as Trustee for each of the Unit Owners and their mortgagees, which said Board, 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 the same are paid and hold the same in trust for the purposes stated in the By-Laws and elsewhere herein for the benefit of the Unit Owners and their mortgagees, as follows:

(a) Common Elements. Proceeds on account of damage to the Common Elements shall be held as an undivided share for each Unit Owner, such share being the same as his Percentage Interest.

(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 interests may appear.

9.2 Distribution of Proceeds. The proceeds of insurance for losses to any of the Condominium Property shall be applied for the repair, reconstruction and replacement of the Condominium Property in the manner provided for herein. 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. No Unit Owner or other party shall have a priority over any First Mortgagee in connection with the distribution of insurance proceeds. This is a covenant for the benefit of any First Mortgagee of a Unit and may be enforced by such First Mortgagee.

9.3 Board of Directors as Agent. The Board is hereby irrevocably appointed agent for each Unit Owner to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon payment of claims.

10. Condemnation.

In the event of condemnation of all or a portion of the Condominium Property, the disposition of proceeds of the award shall be governed by the following provisions:

10.1 Entire Property. In the event of condemnation of the entire Condominium Property, the Association shall be entitled to receive the proceeds of the award which shall be distributed by the Association to the Unit Owners and their mortgagees, as their interests may appear, in proportion to their Percentage Interests.

10.2 Partial Taking. In the event of condemnation of a portion of the Condominium Property, the Association shall be entitled to receive the proceeds of the award which shall be distributed in accordance with the findings of a panel of three (3) arbitrators to be selected by the Board which shall proceed in accordance with the then-existing rules of the American Arbitration Association to determine the portion of the award due to be distributed to each of the several Unit Owners and their mortgagees, as their interests may appear, by virtue of the Unit Owner's interest in the Units or portions thereof taken by

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condemnation. The portion of the award allocable to the Common Elements shall be retained by the Association which shall treat the same as insurance proceeds and proceed under Section 10 hereof to reconstruct and restore the affected portion of the award allocable to the Common Elements shall be retained by the Association which shall treat the same as insurance proceeds and proceed under Section 10 hereof to reconstruct and restore the affected portion of the Condominium Property to a complete architectural unit if the Board determines that such is feasible. The pane of arbitrators shall also determine the percentage of undivided interest of the remaining Unit Owners in the Common Elements following the condemnation and each Unit Owner shall be deemed to have consented to the amendment of this Declaration in accordance with such findings and the continuation of the Condominium regime with respect to the Condominium Property remaining following condemnation. If it is determined not to be feasible to restore the Condominium Property to a complete architectural unit, the portion of the award allocable to the Common Elements shall be distributed to the Unit Owners and their mortgagees, as their interest may appear, in proportion to their Percentage Interests. The expense of the arbitration shall be paid by the Association, and shall constitute a Common Expense.

10.3 Priority. No Unit Owner or other party shall have a priority over any First Mortgagee in connection with the distribution of any condemnation proceeds. This is a covenant for the benefit of any First Mortgagee of a Unit and may be enforced by such First Mortgagee.

11. Reconstruction or Repair After Casualty.

11.1 Vote. In the event of the damage or destruction of all or any part of the Condominium Property, then, unless it be determined by the vote of the Owners or eighty (80%) percent of the Par Value of the Units not to repair or reconstruct such damaged or destroyed property, the same shall be repaired, reconstructed or replaced. Any such repair, reconstruction or replacement must be substantially in accordance with the Plans and specifications for the original Unit, or as the Unit was last constructed, or according to plans approved by the Board, the Unit Owners and the holders of all first mortgage liens on the Units in the Building.

11.2 Responsibility. If the damage is only to those parts of a Unit 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.

11.3 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.

11.4 Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction, repair or replacement 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 or pay the estimated costs. If at any time during reconstruction, repair or replacement, or upon completion of reconstruction and repair or

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replacement, the funds for the payment of the costs thereof are insufficient, Assessments shall be made 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 shall be in proportion to the cost of reconstruction and repair of their respective Units. Such assessments for reconstruction or repair of damage to Common Elements shall be in proportion to the Unit Owners' Percentage Interests.

11.5 Construction Funds. The funds for payment of costs of reconstruction, repair and replacement 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 Assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner: 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:

(a) Unit Owner. The portion of insurance proceeds representing damage for which the 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 mortgage endorsement, then to the Unit Owner and the mortgagee jointly, such funds to be used as required hereunder or by the mortgage.

(b) 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 hereafter provided for the reconstruction and repair of major damage.

(c) 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 expense 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.

(d) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and 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 beneficiary owners of the fund as their interests may appear.

12. Proportionate Changes in Common Expenses and Common Surplus.

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In the event any one or more of the Units are not rebuilt by reason of loss as a result of destruction, and therefore the number of Units is reduced, then the proportionate share of the Common Expenses and of the Common Surplus 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.

13. Easements for Encroachments.

To the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Condominium Plat and Condominium Plans in the construction, repair, renovation, restoration or replacement of any improvement, or by reason of the settling or shifting of any land or improvement, a valid easement shall exist for the encroaching Unit or Common Elements stand. A valid easement shall not relieve a Unit Owner of liability for his or her agent's negligence or intentional acts in cases of willful and intentional misconduct by him or his agents or employees. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements resulting from such reconstruction, construction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

14. Easement of Support.

Each Unit and the Common Elements shall have an easement of support from every other Unit and the Common Elements which provides such support.

15. Easement to Facilitate Sale.

The Declarant and the Declarant's authorized agents, representatives and employees shall have an easement to use any Units owned by the Declarant as sales offices, management offices and model Units in the Condominium and Declarant shall have the right to relocate from time to time such sales offices, management offices and model Units to any other Units; but this easement shall cease upon Declarant's ceasing to be a Unit Owner. Declarant is irrevocably empowered to sell and/or lease Units to any person or persons without restriction. Declarant shall have the right to transact on the Condominium Property any business necessary to consummate the sale of Units, including, but not limited to, the right to maintain models, have signs, maintain an office and use the Common Elements and to show Units to prospective purchasers and lessees. The sales office, signs, and other items used in connection with the sale or leasing of Units shall not be considered a part of the Common Elements and shall remain the property of the Declarant. Notwithstanding any language to the contrary elsewhere in this Declaration, no amendment to this Declaration shall impair or in any way restrict Declarant's rights pursuant to this Section 15 so long as the Declarant is the Owner of one or more Units.

16. Parking.

16.1 Easement to Use Parking Facilities. Each Unit Owner shall have the exclusive use of the driveway and any two automobile parking spaces at the designated area.

16.2 Parking Restrictions. Each Unit Owner shall park his vehicles in designated parking spaces identified hereinabove, or in areas in the adjoining private access road designed for parking by the Board of Directors, and shall not interfere with or obstruct or allow his guest or invitees to interfere with or obstruct any parking places to which other Unit Owners have an exclusive easement. Without limiting the foregoing, in no event shall the Unit Owner park his vehicle in any portion of the Common Elements which is not designated for parking. Unless prior written approval be granted by the Board of Directors, no boat, mobile home, bus or commercial vehicle in excess of twenty (20) feet, house trailer, mobile home or other similar property, shall be parked, maintained or stored in any portion of the Common Elements. Nor shall any Unit Owner or guest or a Unit Owner park, maintain or store any such vehicle on or appurtenant to the private access road or any other public road which borders the Property.

17. Ingress and Egress Easement.

Each Unit Owner of the Condominium shall have a non-exclusive easement for ingress and egress on paths or walkways over the Condominium Property and over the private access road.

18. Utility Easements.

Easements are reserved through the Property as may be required for utility services to serve the Condominium adequately.

19. Easements as Appurtenances.

The easement and other rights created herein for the Unit Owners shall be appurtenant to the Unit of that Owner and all conveyances of title to the Unit shall include a conveyance of the easement and rights as are herein provided even though no specific reference to such easements and rights appear in such instrument.

20. Amendment.

20.1 Amendments by Declarants. Without limiting the rights of the Declarant to alter the Plans, as described hereinabove, and notwithstanding any other provisions herein contained, up until the date of the annual meeting described in Paragraph 3.4 of the By-Laws, the following provisions shall be deemed to be in full force and effect, none of which shall be construed as to relieve the Declarant from any obligations as a Unit Owner to pay assessments as to Units owned by it in accordance with the Condominium Instruments.

(a) The Declarant reserves the right to amend the By-Laws of the Association.

(b) The Declarant reserves the right to amend the Declaration as long as there is no Unit Owner other than the Declarant.

20.2 Amendments by Unit Owner. At such time as there is a Unit Owner other than the Declarant, this Declaration may be amended by agreement of Declarant and all other Owners of Units. No such amendment shall become effective until it is recorded in the manner prescribed by law. At such time as there is a Unit Owner other than the Declarant, no amendment to the Condominium Instruments shall change the Percentage Interest, the liability

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for Common Expenses, the rights to Common Surplus or the votes in the Association appertaining to any Unit.

21. Rights of First Mortgagees.

21.1 Priority of First Mortgagees. No provision of this Declaration, the By-Laws or the Rules and Regulations shall be construed to grant to any Unit Owner, or to any other party, any priority over rights of First Mortgagees of the Condominium Units pursuant to their first mortgages in the case of the distribution to Unit Owner of the insurance proceeds or condemnation awards for losses to or taking of Units or the Common Elements or any portions thereof.

21.2 Notification to First Mortgagees. A First Mortgagee of a Unit, at its request, is entitled to written notification from the Association of any known default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Declaration, By-Laws, or any of the Condominium Documents, which is not cured within sixty (60) days. The Association shall notify any First Mortgagee whenever damage to a Unit covered by a first mortgage exceeds the sum of One Thousand & 00/100 (\$1,000.00) Dollars and damage to the Common Elements exceeds the sum of Ten Thousand & 00/100 (\$10,000.00) Dollars.

21.3 Priority. As provided in the Act, all assessments, property taxes and other charges imposed by any taxing authority, which may become liens prior to the first mortgage, shall be separately assessed against and collected on each Unit as a single parcel, and not on the Condominium Property as a whole.

22. Termination.

Notwithstanding any language to be contrary in the Declaration or the By-Laws, this Condominium may be terminated in a manner provided by the Act; provided, however, that this Declaration shall not be revoked unless all of the Owners and the mortgagees of all the mortgages covering the Units unanimously agree to such revocation by duly recorded instruments.

23. Rights and Powers of Successor and Assignees.

The rights and powers reserved to or exercisable by the Declarant under the Condominium Instruments or the Condominium Act may be exercised by any successor or assignee of the Declarant (i) who acquires title from Declarant by foreclosure or other judicial sale or deed in lieu of foreclosure or (ii) to whom the Declarant specifically assigns such rights and powers.

26. Captions.

The captions (paragraph headings) are used solely as a matter of convenience and shall not define, limit or expand any term or provision of this Declaration.

27. Gender; Number.

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

28. Exhibits.

Exhibits "A", "B", "C", "D", "E" and "F" attached to this Declaration are an integral part of the Declaration.

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29. Invalidity and Severability.

It is the intention of the Declarant that the provisions of this Declaration are severable so that if any provision is invalid or void under any applicable Federal, State or local law or ordinance, decree, order, judgment or otherwise, the remainder shall be unaffected thereby.

30. Non-compliance.

The failure of Declarant, Unit Owners and any other party to comply with the terms and provisions of this Declaration shall not be deemed to be a waiver of any provision of this Declaration, nor shall such non-compliance obviate the necessity of future compliance.

IN WITNESS WHEREOF, the Declarant has hereunto set its signature and seal by MIKE LYNN, its PRESIDENT, who is duly authorized, on the day and year first above written.

KAMCO DEVELOPMENT CORPORATION

By:

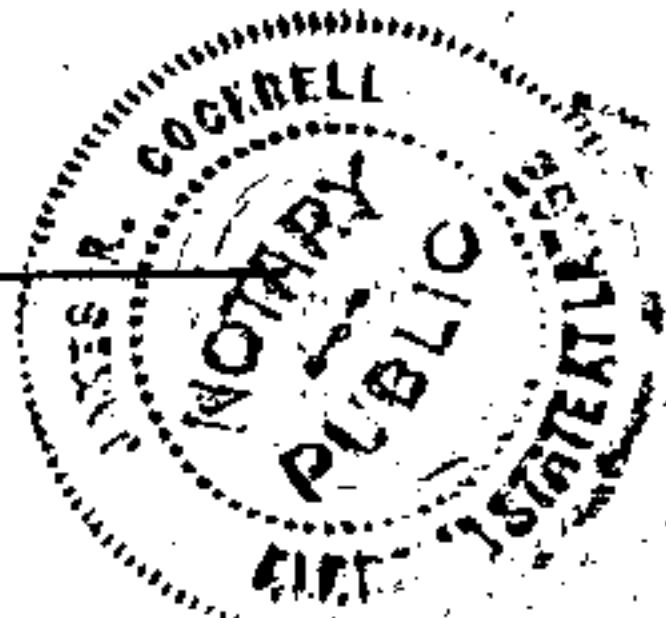
Mike Lynn
Mike Lynn, President

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that Mike Lynn, whose name is signed to the foregoing instrument as President of the corporation, and who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the 17th day of Oct., 1985.

James R. Cockrell
Notary Public



Exhi

PINE HILL

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Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24
110	112	114	116

PLAN
LOWER

BOOK 047 PAGE 428

Exhibits A and B

PINE HILL PHASE ONE

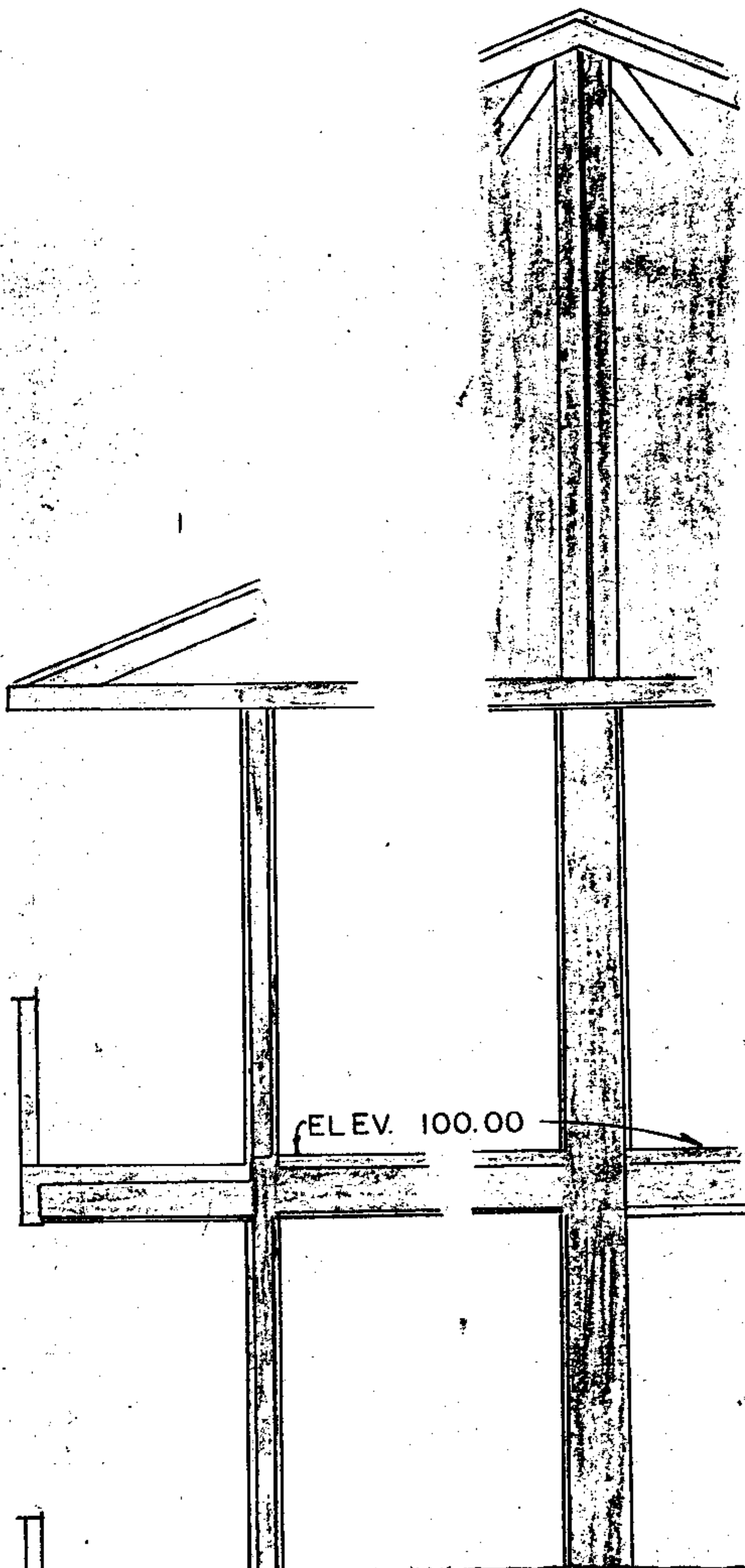
1/24 INTEREST COMMON	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24
1	116	118	120	122	124

PLAN VIEW
LOWER LEVEL

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115.83

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UNIT NUMBER	AREA IN SQUARE FEET	FINISHED FLOOR ELEVATION
B-1	279.67	90.67
B-2	279.67	90.67
B-3	279.67	90.67
B-4	279.67	90.67
B-5	279.67	90.67
B-6	279.67	90.67
B-7	279.67	90.67
B-8	279.67	90.67
101	279.67	100.00
102	279.67	100.00
103	279.67	100.00
104	279.67	100.00
105	279.67	100.00
106	279.67	100.00
107	279.67	100.00
108	279.67	100.00
109	279.67	100.00
110	279.67	100.00
111	279.67	100.00
112	279.67	100.00
113	279.67	100.00
114	279.67	100.00
115	279.67	100.00
116	279.67	100.00

Finished floor elevations based upon a local datum benchmark being the finished floor of Fellowship Hall, having an elevation of 100.00 feet.

EXHIBIT "A"

STATE OF ALABAMA
SHELBY COUNTY

A parcel of land situated in the Southwest Quarter of Section 3, Township 22 South, Range 2 West, Huntsville Meridian, Shelby County, Alabama, and being more particularly described as follows:

Commence at the Northeast Corner of the Northwest Quarter of the Southwest Quarter of said Section 3; thence with a deflection of 102 degrees 14 minutes 31 seconds, right, from the easterly projection of the North line of said quarter-quarter section, 314.34 feet to a point; thence with a deflection of 15 degrees 30 minutes 30 seconds, left, 674.96 feet to a point; thence with a deflection of 49 degrees 45 minutes 00 seconds, right, 742.40 feet to a point; thence with a deflection of 75 degrees 50 minutes 30 seconds, right, 175.58 feet to a point; thence with a deflection of 85 degrees 15 minutes 30 seconds, right, 61.20 feet to the point of beginning; thence with a deflection of 90 degrees 00 minutes 00 seconds, left, 65.33 feet to a point; thence with a deflection of 90 degrees 00 minutes 00 seconds, right, 115.83 feet to a point; thence with a deflection of 90 degrees 00 minutes 00 seconds, right, 65.33 feet to a point; thence with a deflection of 90 degrees 00 minutes 00 seconds, right, 115.03 feet to the point of beginning, forming a closing interior angle of 90 degrees 00 minutes 00 seconds and containing 0.1737 acres, more or less.

STATE OF ALABAMA
SHELBY COUNTY

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65.33

8.25

Per Value 1/
PERCENTAGE INTE
IN UNDIVIDED COMM
AREAS 1/24

210

Per Value 1/
PERCENTAGE IN
IN UNDIVIDED COM
AREAS 1/24

211

TABLE OF COMMON AREAS

Foundation, Footings, Slab Flooring; Walkway around the building, 4 foot area outside walkway, Roof, Attic, Girders, Crawl space, Basements, Beams, Supports, Firewalls, Walkways, Driveways, Parking areas, Recreation areas, Water storage tanks, Meters, Hose bibs, Pumps, Sewer lines and the like, all easements, rights or appurtenances affecting or relating to use of Condominium Property.

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Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24 210	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24 212	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24 214	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24 216	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24 218	Par Value 1/24 PERCENTAGE INTEREST IN UNDIVIDED COMMON AREAS 1/24 220
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PLAN VIEW
MAIN LEVEL

PREPARED BY REYNOLDS, PEERY & WILSON
JUNE 10, 1985



SCALE 1/8" = 1'

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OWNERS:

ALABAMA DISTRICT CHURCH

By: Don Jernigan, Authorized Agent

CHURCH OF THE NAZARENES

By: Don Jernigan, Authorized Agent

ALABAMA NORTHERN DISTRICT

By: B. J. Garber, District Superintendent

ALABAMA SOUTHERN DISTRICT

By: Don Jernigan, Authorized Agent

WALL SECTION - FOOTING
THRU ROOF

PRIVATE ELEMENTS -

COMMON ELEMENTS -

I, Don Jernigan, as Notary Public in and for the State of Alabama at Large, do hereby certify that Don Jernigan is the person to whom the foregoing certificate as Authorized Agent & District Superintendent and who is known to me, acknowledged before me on this date, that having been duly informed of the contents of said certificate, he executed same voluntarily as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 17 day of Oct, 1985.

I, James R. Lockwood, as Notary Public in and for the State of Alabama at Large, do hereby certify that B. J. Garber is the person to whom the foregoing certificate as Authorized Agent & District Superintendent and who is known to me, acknowledged before me on this date, that having been duly informed of the contents of said certificate, he executed same voluntarily as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 17 day of Oct, 1985.

James R. Lockwood
Notary Public
5-7-89

I, Carol
for Alphonse
that Jernigan
whose name is
and who is known
duly informed
as such officer
Given under

I, Don Jernigan
for Alphonse
that Jernigan
whose name is
and who is known
duly informed
as such officer
Given under

and Alabama District Church of The Nazarene, Inc., Church of The Nazarene District Camp Board, Alabama Northern District Church of The Nazarene, Inc., Alabama Southern District Church of The Nazarene, Inc. owners and KAMCO Development Corporation, Declarant hereby certify that this plat or map was made pursuant to a survey made by said surveyor and that said survey and this plat or map were made at the instance of said owners; that this plat or map is a true and correct map of lands shown therein and known as Pine Hill Phase I, and showing the relation of the lands to the government survey. Said owners also certify that they are the owners of said lands and that the same are not subject to any mortgage, except a mortgage or mortgages held by the following mortgagees:

OWNERS:

ALABAMA DISTRICT CHURCH OF THE NAZARENE, INC.

By: Don Jernigan
Don Jernigan, Authorized Agent

CHURCH OF THE NAZARENE DISTRICT CAMP BOARD

By: Don Jernigan & B.J. Garber
Don Jernigan & B.J. Garber,
Authorized Agents

ALABAMA NORTHERN DISTRICT CHURCH OF THE NAZARENE, INC.

By: B.J. Garber
B.J. Garber, District Superintendent

ALABAMA SOUTHERN DISTRICT CHURCH OF THE NAZARENE, INC.

By: Don Jernigan
Don Jernigan, District Superintendent

DECLARANT:

KAMCO DEVELOPMENT CORPORATION

By: Hike Lynn, President

SURVEYOR:

Jerry Oakley Peery
Jerry Oakley Peery, Alabama L.S. #12697 6-12-85

Approved

Wm. Hollander, R.S.
Shelby County Health Department

I, Carol Joyce Yancy, as Notary Public in and for Alabama State of Large, do hereby certify that Jerry Oakley Peery whose name is signed to the foregoing certificate as Surveyor

and who is known to me, acknowledged before me on this date, that having been duly informed of the contents of said certificate, he executed same voluntarily as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 16th day of October, 1985.

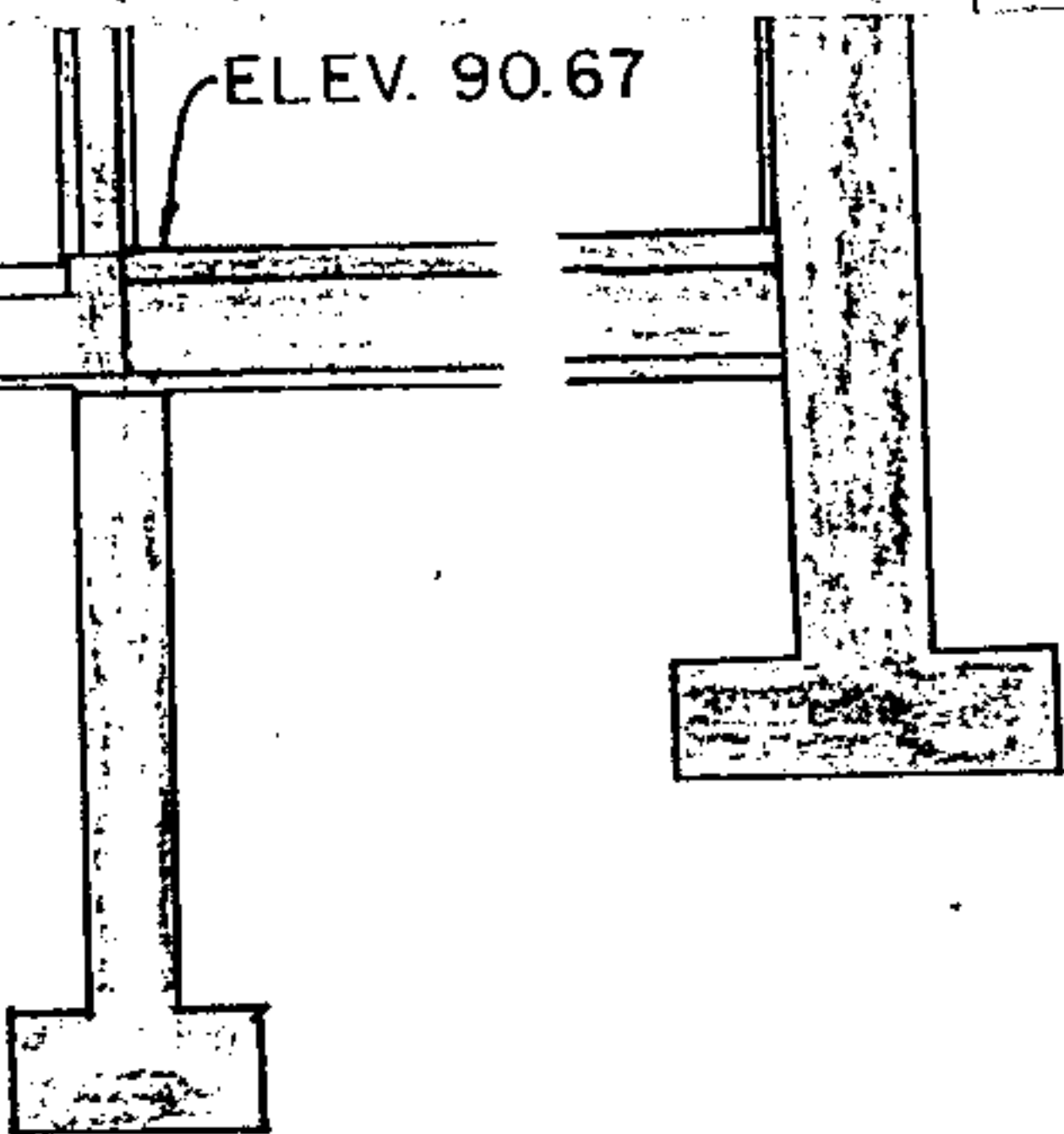
Carol Joyce Yancy
Notary Public 10-1-85

I, The undersigned, as Notary Public in and for State of Alabama at Large, do hereby certify that Hike Lynn whose name is signed to the foregoing certificate as President of KAMCO Development Corporation

and who is known to me, acknowledged before me on this date, that having been duly informed of the contents of said certificate, he executed same voluntarily as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 17 day of Oct, 1985.

James R. Corkrill
Notary Public 10-2-85



WALL SECTION - FOOTING
THRU ROOF

PRIVATE ELEMENTS -
COMMON ELEMENTS -

I, the undersigned as Notary Public in and
for State of Alabama at large, do hereby certify
that DON JERNIGAN
whose name is signed to the foregoing certificate as
authorized agent & district superintendent
and who is known to me, acknowledged before me on this date, that having been
duly informed of the contents of said certificate, he executed same voluntarily
as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 17 day of Oct, 1985.

James R Lockwood
Notary Public 5-7-89
I, the undersigned as Notary Public in and
for State of Alabama at large, do hereby certify
that B.J. GARBER
whose name is signed to the foregoing certificate as authorized
agent & district superintendent
and who is known to me, acknowledged before me on this date, that having been
duly informed of the contents of said certificate, he executed same voluntarily
as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 17 day of Oct, 1985.

James R Lockwood
Notary Public 5-7-89

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OWNERS:

ALABAMA DISTRICT CHURCH OF THE NAZARENE
By: Don Jernigan
Don Jernigan, Authorized Agent

CHURCH OF THE NAZARENE DISTRICT CAMP
By: Don Jernigan & B.J. Garber
Don Jernigan & B.J. Garber,
Authorized Agents

ALABAMA NORTHERN DISTRICT CHURCH OF
By: B.J. Garber
B.J. Garber, District Superintendent

ALABAMA SOUTHERN DISTRICT CHURCH OF
By: Don Jernigan
Don Jernigan, District Superintendent

I, Carol Jones
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whose name is signed to the

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BOOK 047 PAGE 435

and Alabama District Church of The Nazarene, Inc., Church of The Nazarene District Camp Board, Alabama Northern District Church of The Nazarene, Inc., Alabama Southern District Church of The Nazarene, Inc. owners and KAMCO Development Corporation, Declarant hereby certify that this plat or map was made pursuant to a survey made by said surveyor and that said survey and this plat or map were made at the instance of said owners; that this plat or map is a true and correct map of lands shown therein and known as Pine Hill Phase I, and showing the relation of the lands to the government survey. Said owners also certify that they are the owners of said lands and that the same are not subject to any mortgage, except a mortgage or mortgages held by the following mortgagees:

OWNERS:

ALABAMA DISTRICT CHURCH OF THE NAZARENE, INC.

By: Don Jernigan
Don Jernigan, Authorized Agent

CHURCH OF THE NAZARENE DISTRICT CAMP BOARD

By: Don Jernigan & B.J. Garber
Don Jernigan & B.J. Garber,
Authorized Agents

ALABAMA NORTHERN DISTRICT CHURCH OF THE NAZARENE, INC.

By: B.J. Garber
B.J. Garber, District Superintendent

ALABAMA SOUTHERN DISTRICT CHURCH OF THE NAZARENE, INC.

By: Don Jernigan
Don Jernigan, District Superintendent

DECLARANT:

KAMCO DEVELOPMENT CORPORATION

By: Hike Lynn
Hike Lynn, President

SURVEYOR:

Jerry Oakley Peery
Jerry Oakley Peery, Alabama L.S. #126976-7

Approved

Shelby County Health Department

I, Carol Joyce Yancy, as Notary Public in and for Alabama State at Large, do hereby certify that Jerry Oakley Peery whose name is signed to the foregoing certificate as Surveyor

and who is known to me, acknowledged before me on this date, that having been duly informed of the contents of said certificate, he executed same voluntarily as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 16th day of October, 1985.

Carol Joyce Yancy
Notary Public 10-1-85

I, The undersigned, as Notary Public in and for State of Alabama at Large, do hereby certify that Hike Lynn whose name is signed to the foregoing certificate as President of KAMCO Development Corporation

and who is known to me, acknowledged before me on this date, that having been duly informed of the contents of said certificate, he executed same voluntarily as such officer and/or individual with full authority therefor.

Given under my hand and seal this the 17 day of Oct, 1985.

James R. Cockrell
Notary Public 10-2-85

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EXHIBIT "C" TO DECLARATION

PINE HILL, PHASE I, A CONDOMINIUM

BY-LAWS

OF

PINE HILL, PHASE I CONDOMINIUM ASSOCIATION, INC.

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BY-LAWS

PINE HILL PHASE I, CONDOMINIUM ASSOCIATION, INC.

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ARTICLE I

IDENTIFICATION OF THE CONDOMINIUM AND

DEFINITIONS

1.1 Identification of the Condominium Association

A. The name of the Condominium Association is: Pine Hill, Phase I, Condominium Association, Inc. The address of the Condominium Association is:

B. The Condominium was submitted to the provisions of the "Act" by a Declaration recorded simultaneously herewith. These By-Laws are adopted pursuant to the Act and provide for the self-governing of the Condominium.

1.2. Definitions

Each of the following terms, as used in these By-Laws, shall have the same meaning as the meaning ascribed to it in Section 3 of the Condominium Declaration: "Act"; "Articles of Incorporation"; "Association"; "Unit Owners Association"; "Board of Directors"; "Building"; "By-Laws"; "Common Elements"; "Common Expenses"; "Common Profits"; "Condominium"; "Condominium Act"; "Condominium Instruments"; "Condominium Plat"; "Condominium Plans"; "Condominium Unit"; "Declarant"; "Declaration"; "HUD"; "Identifying Number"; "Land"; "Par Value"; "Percentage Interest"; "Regulatory Agreement"; "Rules and Regulations"; "Unit"; "Unit Owner"; "VA".

2.1 Administration

The administration and management of the Condominium and the actions of the Unit Owners and the Unit Owners Association and its Board of Directors and officers shall be governed by these By-Laws.

2.2 Applicability

All present and future Unit Owners and their tenants, licensees, invitees, servants, agents, employees and any other person or persons who are permitted to use the Condominium shall be subject to these By-Laws, to the Regulatory Agreement and to the other Condominium instruments and to the Rules and Regulations of the Association. Acquisition, rental or occupancy of a Unit shall constitute the Unit Owner's, tenant's and occupant's acceptance and ratification of, and the agreement to comply with, these By-Laws, the Regulatory Agreement and other Condominium Instruments, and any Rules and Regulations now existent or hereafter adopted.

3.1 Qualification

All Unit Owners in the Condominium, acting as a group in accordance with the Act and the Condominium Instruments, shall constitute the Unit Owners Association. Any Unit Owner, upon acquiring leasehold title to his Unit, shall automatically become a member of the Association and shall remain a member thereof until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Association shall

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automatically cease. A person who holds any interest in a Unit solely as security for the performance of an obligation shall not be a member of the Association.

3.2 Powers and Responsibilities

Except as otherwise expressly provided in these By-Laws or in the Declaration, the powers and responsibilities assigned by the Act to the Unit Owners Association are delegated to the Board of Directors, as more particularly set forth in Article IV.

3.3 Place of Meetings

Meetings of the Association shall be held at such places as may be designated by the Board of Directors and stated in the notice of the meeting.

3.4 Annual Meeting

The annual meetings of the Association (other than the first such meeting) shall be held at a place to be designated by the Board of Directors on the first Tuesday in February of each year, at 8:00 p.m., or if that day is a legal holiday, on the next day following that is not a legal holiday; subject, however, to the provisions of this paragraph hereinbelow. The annual meeting of the Association shall be held for the election of directors and the conduct of such other business as may be properly brought before the meeting. Notwithstanding any language to the contrary, including language in this paragraph 3.4 and paragraph 3.5, the first annual meeting of the Association shall be held not later than the earlier of the following: (i) 120 days after the date by which 75% of the Units have been conveyed to a Unit Owner other than the Declarant.

3.5 Special Meetings

The President shall call a special meeting of the Association upon the request of the Board of Directors or upon the written request of Unit Owners owning Units to which 25% or more of the Percentage Interests appertain. In no event shall a special meeting be called prior to the first annual meeting.

3.6 Notices

The Secretary shall send a notice of meeting of the Association to each Unit Owner at least 21 days in advance of an annual meeting and shall state the time, place and purposes of the meeting. The notice shall be sent by United States mail to all Unit Owners of record at the address of their respective Units and to such other addresses as any of them may have designated to the Secretary in writing or hand-delivered by the Secretary. Placing the notice in the Unit Owner's mailbox or mail slot at the Condominium constitutes the hand-delivery of the notice. The mailing or hand-delivery of a notice of meeting in the manner provided herein shall constitute service of notice.

3.7 Voting

Each Unit is allocated one vote in the Association. A Unit Owner is entitled to cast the vote allocated to his Unit. Since a Unit Owner may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the vote allocated to that Unit. But if more than one of such persons is present, the vote allocated to that Unit shall be cast only in accordance with the agreement of a majority of them, and such agreement shall be conclusively presumed if any one of them purports to cast the vote allocated

to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Except where a greater number is required by the Condominium Act, the Declaration, or these By-Laws, a majority of the Unit Owners present in person or by proxy at the beginning of such meeting is required to adopt decisions at any meeting of the Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the vote to which each such Unit is entitled.

3.8 Proxies

The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner. Revocation of a proxy is not binding on the Association unless actual notice of the revocation is received by the officer presiding over the meeting. A proxy is not valid unless it is dated and signed by the Unit Owner or by a Person having authority to execute deeds on behalf of the Unit Owner. A proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy. A Unit Owner may appoint any other Unit Owner, the Declarant, or the Managing Agent shall cast votes as a proxy for more than one Unit in addition to his own.

3.9 Quorum

The presence in person or by proxy of Unit Owners entitled to cast more than 25% of the votes in the Association until adjournment if Persons entitled to cast more than 25% of the votes are present in person or by proxy of Unit Owners entitled to cast more than 25% of the votes in the Association shall constitute a present quorum for the conduct of business. A quorum shall be deemed to be present throughout a meeting of the Association until adjournment if Persons entitled to cast more than 25% of the votes are present in person or by proxy at the beginning of such meeting. If a meeting cannot be organized because a quorum has not attended, those present may recess the meeting from time to time until a quorum is present, when any business may be transacted that may have been transacted at the meeting as originally called.

3.10 Order of Business

The order of business at a meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) proof of quorum; (iii) reading of minutes of preceding meeting; (iv) election of inspectors of election, if applicable; (v) election of directors, if applicable; (vi) reports of officers and committees; (vii) unfinished business; and (viii) new business.

3.11 Conduct of Meeting

The President shall preside at meetings of the Association and the Secretary shall keep the minutes of meetings. Roberts Rules of Order shall govern the conduct of all meetings of the Association except when in conflict with the Act or the Condominium Instruments. In that event the Act or Condominium Instruments shall be controlling.

ARTICLE IV

BOARD OF DIRECTORS

4.1 Powers and Duties

The Board of Directors is the executive and administrative entity designated to act for the Association in governing the

Condominium. The affairs and business of the Association shall be managed by the Board of Directors. The Board of Directors may delegate to a director or officer, subject to the continuing control of the Board of Directors, any matters relating to the duties of the Managing Agent described in paragraph 4.2 herein. In addition to other powers and duties granted or imposed by the Act, the Declaration, these By-Laws, or by resolution of the Association, the Board of Directors shall have the power and duty to:

- A. Prepare and adopt an annual budget for the Condominium.
- B. Make and collect assessments against the Unit Owners to defray the Common Expenses, establish the method of collecting such assessments from the Unit Owners, establish the period of the installment payments of the annual assessment. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in monthly installments, each such installment to be due and payable in advance on the first day of each month. The amount of such assessments must be approved by HUD, all as provided in the Regulatory Agreement.
- C. Provide for the operation, care, upkeep, maintenance and surveillance of the Common Elements and for services to the Condominium.
- D. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacements of the Common Elements, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be property of the Association.
- E. Make and amend Rules and Regulations respecting the use of the Condominium.
- F. Establish bank accounts for the Association.
- G. Contract for the repair, additions, and improvements to, or alterations of, the Condominium and for the restoration of the Condominium, in accordance with the other provisions of these By-Laws.
- H. Enforce by legal means the provisions of the Declaration, these By-Laws and the Rules and Regulations and institute, maintain and defend proceedings and actions brought on behalf of or against the Association.
- I. Maintain insurance required by Article VI of these By-Laws and by the Declaration.
- J. Pay the cost of services rendered to the Condominium for which the Association, as distinct from individual Unit Owners, is liable.
- K. Keep the books of the Association with detailed accounts of the receipts and expenditures affecting the Condominium, specifying all expenses incurred, including prepaid expenses. The books and supporting vouchers and records shall be available for examination by the Unit Owners, their duly authorized agents or accountants or attorneys, and HUD during regular business

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hours at the time and in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, and shall be audited at least once a year by an outside auditor employed by the Board of Directors, who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

L. Purchase Units on behalf of the Association.

M. Enforce obligations of Unit Owners, allocate Common Profits and Common Expenses, and take such other actions as may be necessary or proper for the sound management of the Condominium. The Board of Directors shall have the power to levy fines against Unit Owners for violations of the Rules and Regulations. No fine may be levied for more than Ten Dollars (\$10.00) for any one violation; but for each day that a violation continues, after notice, it shall be considered a separate violation. Collection of fines may be enforced against a Unit Owner as if the fines were an assessment for Common Expenses owed by the Unit Owner. If a Unit Owner persists in violating the Rules and Regulations, the Board of Directors may require him to post bond, satisfactory to it, to secure future compliance with the Rules and Regulations.

N. Do such things and acts (not inconsistent with the Condominium Act and with the Condominium Instruments) which may be authorized by the Association.

O. Lease, grant licenses, easements, rights-of-way and other rights of use in all or part of the Common Elements of the Condominium.

4.2 Managing Agent

The Board of Directors may employ for the Association a professional Managing Agent, at a compensation fixed by the Board of Directors to perform such duties as the Board of Directors may authorize (including, but not limited to, the duties listed in paragraph A, B, C, D, F, G, I, J, K, M, N, and O of Section 4.1). The Board of Directors may delegate to the Managing Agent all of the powers and duties delegated to the Board of Directors by these Bylaws other than the powers and duties set forth in paragraphs B, E, H and L of section 4.1. The Board of Directors shall not be liable for any omission or improper exercises by the Managing Agent for any such duty, power or function delegated. Any agreement with the Managing Agent shall be in writing and subject to the approval of HUD.

4.3 Number of Directors and Initial Selection of Board

The initial Board of Directors is set forth in the Articles of the Association. The initial Board of Directors shall be comprised of four persons appointed by the Declarant and shall serve (i) until the election of directors at the first annual meeting of the Association or (ii) until a special meeting is held for the purpose of electing directors as provided in Article III. The Declarant's appointees need not be Unit Owners or residents of the Condominium, and the Declarant shall have the right in its sole discretion to replace such directors and to designate their successors if vacancies occur for any reason. This right to appoint and remove directors may be relinquished voluntarily by Declarant at any time, either in whole or in part. However, such right terminates when Declarant transfers control or ceases to be a Unit Owner. From and after the first annual meeting of the Association, the number of directors which constitutes the entire Board of Directors may be determined by resolution of the Unit Owners.

4.4 Election and Term of Office

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The Board of Directors shall be elected at the annual meeting of the Association, to serve until the next annual meeting of the Association and until their successors have been elected and qualified. Notwithstanding anything contained in these Bylaws to the contrary, until the first annual meeting of the Association the Declarant shall have the right to select the Board of Directors and to fill any vacancy occurring from the death, resignation or removal of a director by the Declarant. At the first annual meeting, the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the director receiving the second greatest number of votes shall be two (2) years and the term of office of the other directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective director, his/her successor shall be elected to serve a term of three (3) years. In the alternative, the Unit Owners may by resolution duly made and adopted at an annual meeting, resolve to fix the term of each director elected at any such meeting at two (2) years. Directors shall hold office until their successors have been elected and hold their first regular meeting.

4.5 Annual Meetings

An annual organizational meeting of the Board of Directors should be held within 10 days after the annual meeting of the Association. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the entire Board is present at the meeting.

4.6 Regular Meetings

Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one meeting shall be held in each quarter of each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail or telephone, at least 72 hours prior to the time of the meeting.

4.7 Special Meetings

Special meetings of the Board of Directors may be called by the President on 72 hours' notice to each director. Such notice shall be given personally or by mail or telephone, and shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least two directors.

4.8 Waiver of Notice

Notice of a meeting of the Board of Directors may be waived in writing by a director either before or after the meeting. Attendance at a meeting constitutes waiver of notice of that meeting.

4.9 Quorum

A majority of the entire Board of Directors shall constitute a quorum for a meeting of the Board of Directors. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If less than a quorum is present at a meeting, the majority of those present may adjourn the meeting to a designated time and place. An adjourned meeting may be held as designated without further notice, and when a quorum is present any business may be

transacted which might have been transacted at the meeting as originally called.

4.10 Vacancies

A vacancy on the Board of Directors caused by any reason, other than removal of a Director by a vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though they constitute less than a quorum; and each person so elected shall serve until the next annual meeting of the Association and until his successor is elected. A vacancy occurring on the Board of Directors by reason of an increase in the number of directors constituting the entire Board of Directors or by reason of the removal of a director by a vote of the Association shall be filled by the Association at an annual meeting or at a special meeting called for that purpose.

4.11 Removal of Directors

A director may be removed with or without cause, and his successor elected, at a meeting of the Association at which a quorum is present, by a plurality of the votes cast. Any director whose removal has been proposed shall be given at least 10 days' notice of the calling of the meeting and the purpose thereof, and opportunity to be heard at the meeting.

4.12 Compensation

A director shall not receive compensation from the Condominium for serving on the Board of Directors, but a director may be reimbursed for actual out-of-pocket expenses incurred by him/her in the upper performance of his/her duties.

4.13 Conduct of Meeting

The President shall preside at meetings of the Board of Directors and the Secretary shall keep the minutes of the proceedings.

4.14 Annual Report of the Board of Directors

The Board of Directors shall present at each annual meeting of the Association, and when called for by vote of the Association at any special meeting of the Association, a complete statement of the operative and financial condition of the Condominium.

4.15 Fidelity Bonds

The Board of Directors shall require that all directors, officers, trustees, volunteers, agents (including the Managing Agent), and employees of the Association handling or responsible for funds furnish adequate fidelity bonds or insurance. The fidelity bonds or insurance shall designate the Association as a named insured and, if obtainable, shall be written in an amount sufficient to provide protection in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Condominium, including reserves. The premiums on such fidelity bonds or insurance shall constitute a Common Expense.

4.16 Liability of the Board of Directors and Declarant

The directors, including the directors designated by Declarant, and Declarant, shall not be liable to the Association or to the Unit Owners for mistakes of judgment or for negligence not amounting to willful misconduct or bad faith. The Unit Owners shall indemnify

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and hold harmless each of the directors from and against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association or the Unit Owners unless such contract was made by them on behalf of the Association. The liability of any Unit Owner arising out of any contract made by the Board of Directors or arising out of the indemnification of the directors shall be limited to that proportion of the total liability thereunder as the Par Value of his Unit bears to the aggregate Par Values of all the Units. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer of the Association against expenses (including attorney's fees), judgments, fines and amount paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association. The provisions of this paragraph shall also apply to each officer of the Association.

4.17 Action Without Meeting

Any action required or permitted to be taken by the Board of Directors at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

4.18 Common or Interested Directors

A. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in the Declaration.

B. No contract or other transaction between the Association and one or more of its Directors, or between the Association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, if any of the conditions specified in any of the following subparagraphs exist:

(1) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(2) The fact of the common directorate or interest is disclosed or known to the Unit Owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(3) The contract or transaction is commercially reasonable to the Association at the time that it is authorized, ratified, approved or executed.

C. Common or interested Directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction. Such Directors may vote to authorize any contract or transaction with like force and effect as if they were not common or interested Directors or officers of such other corporation or were not so interested.

D. In no event shall this paragraph 4.18 be construed from

prohibiting or restricting a Unit Owner from selling his Unit.

4.19 Board of Directors as Attorney-In-Fact

The Board of Directors is hereby irrevocably appointed as attorney-in-fact for the Unit Owner of all of the Units and for each of them, to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium so as to permit the Board of Directors to fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration, these Bylaws, and the Regulatory Agreement, and to exercise all of its rights thereunder and to deal with the Units upon destruction and the proceeds of any insurance indemnity as hereinafter provided. This power shall include, but shall not be limited to, the right to grant easements and licenses from time to time affecting the Common Elements with respect to sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits, or such other purposes related to the provision of public utilities or as may be considered necessary or appropriate by the Board of Directors for the preservation of the health, safety, convenience, or welfare of the Unit Owner of the Units, or any of them. The foregoing shall be deemed to be power coupled with an interest, and the acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Board of Directors as attorney-in-fact, as aforesaid.

This power shall be in addition to any authority to grant easement or licenses given to the Board of Directors in the Act, in the Declaration or in these Bylaws.

ARTICLE V

OFFICERS

5.1 Designation

The principal officers of the Association are a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may appoint assistant secretaries and an assistant treasurer. Two or more offices may be held by the same person, except that the President shall not hold any other office. Officers must be Unit Owners and members of the Board of Directors.

5.2 Election of Officers

The officers of the Association shall be elected annually by the Board of Directors at its annual meeting and shall hold office at the pleasure of the Board of Directors.

5.3 Removal of Officers; Vacancies

An officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors.

5.4 President

The President is the chief executive officer of the Association; he shall preside at meetings of the Association and the Board of Directors and shall be an ex-officio member of all committees; he shall have general and active management of the business of the Association, subject to the control of the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President must be a member of the Board of Directors.

5.5 Vice President

The Vice President shall perform the duties and exercise the power of the President in the absence or disability of the President.

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and shall perform such other duties as a Board of Directors may prescribe.

5.6 Secretary

The Secretary shall attend all meetings of the Board of Directors and the Association, and shall record the voting and the minutes of all proceedings in a book to be kept by him for that purpose. He shall give notice of meetings of the Association and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall compile and keep current at the principal office of the Condominium a complete record of the Unit Owners and their last known post office addresses. This record of Unit Owners shall be open to inspection by all Unit Owners at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minutes books of the proceedings of the Association and the Board of Directors. An assistant secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

5.7 Treasurer

The treasurer shall have custody of all funds and securities except those funds which are placed under the control of the Managing Agent, and, with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board of Directors. He shall disburse funds as ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at the regular meetings of the Board of Directors, or whenever they may require, an account of all of his transactions as Treasurer and of financial condition of the Association. The Assistant Treasurer shall perform the duties of the Treasurer and shall perform such other duties as the Board of Directors may prescribe.

5.8 Compensation of Officers

No officer shall receive any compensation from the Association for acting as such, but each shall be reimbursed for reasonable and actual out-of-pocket expenses incurred by him/her in the performance of his/her duties.

5.9 Agreements, Contracts, Deeds, Checks

All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over \$800 shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors. All instruments for expenditures or obligations of \$800 or less may be executed by any one officer of the Association or by such other person as may be designated by the Board of Directors.

5.10 Maintenance of Accounting Records

The officers of the Association or their designee shall cause accounting records to be maintained in accordance with generally accepted accounting procedures, and open to inspection by Unit Owners during business hours. In addition to including a record of all receipts and expenditures, the accounting records shall include an account for each Unit, setting forth any shares of Common Expenses or other charges due, the due dates thereof, the present balance due, and any interest in common surplus.

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ARTICLE VI
INSURANCE, DESTRUCTION, RESTORATION
CONDEMNATION AND DISTRIBUTION

6.1 Authority

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but in no event less than the amount required by Section 6.2 hereof. The insurance premiums paid by the Board shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgagee endorsements and for the issuance of paid receipts as premium payments are made to all First Mortgagees of the Units. Such insurance coverage shall be written on the Condominium and shall provide for the insurance proceeds covering any loss to be payable to the Board of Directors as Insurance Trustee for the benefit of each Unit Owner and his mortgagee according to his Percentage Interest.

6.2 Coverage

The Condominium shall be insured, to the extent available, against casualty in a minimum amount equal to the maximum insurable replacement value (i.e., 100% of replacement costs based upon the value of replacing the Units and all improvements of the Condominium utilizing contemporary building materials and technology) thereof (exclusive of excavations and foundations) as determined annually by the Board of Directors with assistance of the insurance company affording such coverage. The policy shall cover all the improvements of the Condominium except those made by a Unit Owner at his expense and shall contain a "condominium replacement cost" endorsement. Such coverage shall afford protection against:

A. loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard extended coverage endorsement; and

B. such other risks as shall customarily be covered with respect to projects similar in construction, location and use as the Directors in their sound discretion may deem advisable.

Such coverage shall insure the Condominium (including all of the Units and the bathroom, laundry and kitchen equipment, fixtures and cabinets, and electrical fixtures, together with all air-conditioning, heating and other equipment, but not including furniture, furnishings or other personal property supplied or installed by Unit Owners), and other Condominium property including all personal property included in the Common Elements. The Condominium shall be insured against liability for personal injury and property damage in such amounts and in such forms as shall be required by the Board, which, however, in no event shall be less than \$1,000,000 with respect to any one occurrence. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association as a group, the Board and each individual Unit Owner. The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association. Workmen's Compensation insurance shall be obtained here necessary to meet the requirements of law. In addition to the foregoing, the Board of Directors may obtain such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a majority of the Unit Owners.

6.3 Notice of Insurance Coverage

The Board of Directors shall promptly furnish to each Unit

Owner written notice of the procurement, subsequent changes, or termination of each insurance policy obtained on behalf of the Association and shall furnish to all First Mortgagees of the Units a copy of all master or blanket policies and any such changes thereto or termination thereof.

6.4 Individual Policies

Each Unit Owner or any mortgagee may obtain at his own expense additional insurance, including a "condominium unit owner's endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Unit Owner. It is recommended that each Unit Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Association, a "Condominium Unit Owner's Policy," or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living, expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expense of the Unit Owner. No Unit Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force at any particular time; the Board of Directors may require that each Unit Owner shall file with the Managing Agent a copy of each individual policy of insurance purchased by the Unit Owner within 30 days after its purchase; the Board of Directors may also require that each Unit Owner shall notify the Board of Directors of all improvements made by him to his Unit having a value in excess of \$1,000.

6.5 Reconstruction

In the event of damage or destruction of all or any part of the Condominium Property, the terms and conditions under which reconstruction may commence shall be in accordance with the provision of the Declaration.

6.6 Condemnation

In the event of condemnation of all or a portion of the Condominium Property, the disposition of proceeds of the award shall be governed by the provisions set forth in the Declaration.

6.7 Assessments if Insurance Is Inadequate

Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance and repair, the Board shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires. If the proceeds of insurance are not sufficient to defray such estimated costs, the special assessment shall be made against all the Units in proportion to the Par Value of the Units, in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all of the Units in proportion to their Par Value in sufficient amounts to provide funds for the payment of such costs.

6.8 Disbursements

Any and all disbursements of funds, whether such funds consist of insurance proceeds, special assessments, sales proceeds, or

any combination thereof, to be made pursuant to and in accordance with the Declaration and a certified statement of the Association or the Board of Directors.

6.9 Premiums and Deductibles

Premiums and deductibles upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

ARTICLE VII

MORTGAGES

7.1 Notice to Board

A Unit Owner who mortgages or subleases his Unit shall notify the Board through the Managing Agent of the name and address of his sublessee; the Board shall maintain such information in a book entitled "Subleases of Units".

7. Notice of Unpaid Assessments

The Board, whenever so requested in writing by a sublessor, shall promptly report any then unpaid assessments due from, or any other default by, the owner of the mortgaged Unit.

7.3 Notice of Default

The Board shall be entitled to give written notice to a Unit Owner of any default by the Unit Owner in the performance of any obligations under the Act or Condominium Instruments, and, if such default is not cured within 60 days, shall promptly send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

7.4 Examination of Books

Each Unit Owner and each First Mortgagee or Sublessee shall be permitted to examine the books of account of the Condominium at reasonable times on business days.

7.5 Notice of Meetings

Upon request, each sublessor of a Unit shall receive notice, in writing, of all meetings of the Association, and shall be permitted to designate a representative to attend all such meetings.

ARTICLE VIII

NOTICE

8.1 Manner of Notice

Unless specified otherwise in other sections of these By-Laws, whenever any notice is required to be given under the provisions of the Act or of the Condominium Instruments to any mortgagee, director or Unit Owner, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, director or Unit Owner at such address as appears on the books of the Condominium, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

8.2 Waiver of Notice

Whenever any notice is required to be given under the provisions

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of the Act or the Condominium Instruments, a Waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IX

AMENDMENT OF BY-LAWS

9.1 Amendment of By-Laws

At a meeting of the Association called for that purpose, these By-Laws may be amended by the affirmative vote of Unit Owners representing at least seventy-five percent of the votes in the Association; provided, however, that (a) Sections 3.4, 3.5, 4.4, 4.11 and 9.1, (b) Section 4.3 insofar as it relates to the selection of members of the Board of Directors by the Declarant, so long as it is the owner of one or more Units, may vote the votes appurtenant thereto), may not be amended without the consent in writing of the Declarant, and the VA, so long as the Declarant shall be a Unit Owner. Furthermore, notwithstanding the foregoing, as long as the Declarant is the owner of one or more units, no amendment to the By-Laws or Rules and Regulations may be adopted which could interfere with the display, sale, lease, or other disposition of such Unit or Units. Amendments may be proposed by the Board of Directors or by petition (subject to the limitations set forth in the first sentence of Section 9.1) signed by Unit Owners representing at least 85% of the votes in the Association. No amendment to the By-Laws shall become effective until recorded. The Declarant reserves the right to amend these By-Laws as provided in the Declaration.

9.2 Approval of First Mortgages

These Bylaws contain provisions concerning various rights, priorities, remedies and interest of the First Mortgagees of Units. Such provisions in these Bylaws are to be construed as covenants for the protection of the First Mortgagees on which they may rely in making loans secured by mortgages of the Units. Accordingly, all First Mortgagees shall be given 30 days' notice of all proposed amendments, and no amendments, and no amendment or modification of these Bylaws impairing or affecting the rights, priorities, remedies or interests of a First Mortgagee shall be adopted without the prior written consent of such First Mortgagee. If there is more than one First Mortgagee holding mortgages on the Units, it shall be sufficient for this purpose to obtain the written consent of the First Mortgagee or Mortgagees holding mortgages on at least seventy-five percent of the Units encumbered by mortgages.

ARTICLE X

COMPLIANCE AND DEFAULT

10.1 Relief

Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Rules and Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Association acting through the Board of Directors or Managing Agent, to the following relief:

A. Legal Proceedings. Failure to comply with any of the terms of the Condominium Instruments and the Rules and Regulations shall be grounds for relief which may include without limiting the same, an action to recover any sums of due for money damages,

trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

10.2 Lien for Contributions

A. The total annual contribution of each Unit Owner for the common Expenses levied against the Unit of such Unit Owner within the purview of the Act, which lien shall be effective as of the first day of each fiscal year of the Condominium. The Board of Directors, or Managing Agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the State of Alabama to confirm the establishment of such lien.

B. In any case where an assessment against a Unit Owner is payable in installments, upon default by such Unit Owner in the payment of any single installment, which continues for 10 days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full together with interest thereon at the lesser of ten percent (10%) per annum or the maximum rate of interest permitted to be charged to natural persons in the State of Alabama with respect to first mortgage loans at the time such installment or assessment became due, and the cost of collection thereof, by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or Managing Agent. The Board of Directors may post a list of Unit Owners who are delinquent in the payment of any assessment or other fees which may be due the Association, including any installment thereof which becomes delinquent, in any prominent location within the Condominium. The Unit Owner who is delinquent shall be prohibited from voting at any meeting of the Unit Owners Association until the amount necessary to release the lien has been paid.

C. The lien for assessments may be foreclosed in the manner provided by the laws of the State of Alabama by suit brought in the name of the Board of Directors, acting on behalf of the Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceedings shall have the right to the appointment of a receiver, if available under the then laws of the State of Alabama.

D. The lien for assessments shall be prior to all other liens and encumbrances except: (i) liens and encumbrances recorded prior to the recordation of the Declaration; (ii) liens of any first priority mortgage or deed of trust on such Unit recorded prior to the due date of such assessment or the due date of the first installment payable on such assessment; and (iii) liens for real estate taxes and municipal assessments.

11.1 Authority and Enforcement

The Board of Directors shall have the authority to make and to enforce reasonable Rules and Regulations governing the conduct,

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injunctive relief, foreclosure of the lien for payment of all assessments, any other relief, provided for in these Bylaws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent, or, if appropriate, by an aggrieved Unit Owner.

No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after fifteen (15) days' written notice to the First Mortgagee on the Unit which is the subject matter of the proceeding.

B. Additional Liability. Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his/her family or his employees, agents, or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

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

D. No Waiver of Rights. The failure of the Association, the Board of Directors or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors or any Unit Owner to enforce any right, provision, covenant or condition of the Condominium Instruments or the Rules and Regulations in the future. All rights, remedies and privileges granted to the Association, Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Condominium Instruments or Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party by the Condominium Instruments or the Rules and Regulations, or by law or in equity.

E. Interest. In the event of a default by any Unit Owner which continues for a period in excess of 15 days, such owner shall be obligated to pay interest on the amount due at an interest rate established by the Board of Directors, not to exceed the highest permissible rate of interest from the due date thereof.

F. Abatement and Enjoinment of Violation by Unit Owner. The violation of any Rule or Regulation adopted by the Board of Directors or the breach of any Bylaw contained herein, or the breach of any provision of the Condominium Instruments (after due notice to the Unit Owner that said violation or breach constitutes an immediate danger to the Condominium and Unit Owners), shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of

use, and enjoyment of Units and the Common Elements, provided that copies of all such Rules and Regulations be furnished to all Unit Owners. The Board of Directors shall have the power to impose reasonable fines which shall constitute a lien upon the Unit and to suspend a Unit Owner's right to use the Common Elements and to vote for violation of any duty imposed under the Declaration, these By-Laws or any Rules and Regulations duly adopted hereunder.

11.2 Procedure

The Board of Directors shall not impose a fine, suspend voting, or infringe upon any other rights of a Unit Owner or other occupant for violation of rules unless and until the following procedure is followed:

A. Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation, and (iii) a time period, not less than ten (10) days, during which the violation is a continuing one or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

B. Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Boards of Directors shall serve the violator with written notice of a hearing to be held by the Board of Directors in session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf; and (iv) the proposed sanction to be imposed.

C. Hearing. The hearing shall be held in executive session pursuant to this notice affording the Unit Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

ARTICLE XII

MISCELLANEOUS

12.1 Compliance

These Bylaws are set forth in compliance with the requirements of the Act.

12.2 Conflict

These Bylaws are subordinate and subject to the Act, the Declaration, the Regulatory Agreement, and the Condominium Plat and Condominium Plans. In the event of any conflict between these Bylaws and the other Condominium Instruments, the provisions of the other Condominium Instruments shall control.

12.3 Severability

These Bylaws are adopted to comply with the laws of the

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State of Alabama. If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provision of these Bylaws are declared to be severable.

12.4 Waiver

No Restriction, condition, obligation or provision of these Bylaws shall be deemed to be abrogated or waived by reason of any failure to enforce the same.

12.5 Captions

The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

12.6 Gender, etc.

Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

12.7 Agent to receive Service of Process

Legal process may be served on the following agent of the association at the address herein.

Name

Address

Timothy A. Massey

623 Red Lane Road, Suite 200
Birmingham, Alabama 35215

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EXHIBIT "D"

ARTICLES OF INCORPORATION
OF

PINE HILL, PHASE I
CONDOMINIUM ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, desiring to organize a not-for-profit corporation under the provisions of the Alabama Non-Profit Corporation Act, Code of Alabama 1975, Section 10-3-1 et seq., hereby sign, verify and file these Articles of Incorporation and certify as follows:

ARTICLE I

Name

The name of the Corporation shall be Pine Hill, Phase I Condominium Association, Inc. (hereinafter sometimes referred to as "the Association").

ARTICLE II

Purpose

The purpose for which the Association is formed is to provide an entity for the management and operation of Pine Hill, Phase I, a Condominium (the "Condominium") to be established as said Condominium by Declaration of Condominium to be filed in the Office of the Judge of Probate of Shelby County, Alabama, (hereinafter referred to as "the Declaration") being located on the following described land situated in Shelby County, Alabama, which land has been submitted to the Condominium form of ownership by the Declaration; more particularly described on Exhibit "A" attached hereto and made a part hereof.

ARTICLE III

Powers

The Association shall have the following powers with which to accomplish the foregoing purpose.

(a) The Association shall have all of the powers now conferred or which may be hereafter conferred on a not-for-profit corporation under the laws of the State of Alabama, which are not in conflict with the terms of these Articles.

(b) The Association shall have all of the powers set forth in the Alabama Condominium Ownership Act except as limited by these Articles and the Declaration, and all of the powers necessary to administer and manage the Condominium in accordance with the provisions of the Alabama Condominium Ownership Act, the Declaration as it may be amended from time to time, and the By-Laws, including but not limited to the following:

(i) To maintain in good order, repair, replace, and operate the common elements comprising the Condominium property.

(ii) To purchase insurance upon the Condominium property and otherwise for the protection and benefit of the Association and its members.

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(iii) To construct, reconstruct, and repair improvements and other Condominium property damages by casualty and to further improve the property as deemed necessary or appropriate.

(iv) To make and amend reasonable Rule and Regulations with respect to the use of Condominium property.

(v) To enforce by legal means the provisions of the Alabama Condominium Ownership Act, the Declaration, the Articles, the By-Laws, and Rules and Regulations for the use of the Condominium property.

(vi) To contract for the management of the Condominium and to delegate to a managing agent or agents any or all powers and duties of the Association except those specifically required by the Declaration to have approval of the Board of Directors or the membership of the Association.

(vii) 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.

(viii) To retain legal counsel, accountants, and any other professional services deemed necessary or appropriate by the Association.

(ix) To employ persons to perform services required for the proper operation of the Condominium.

(x) To designate expenses which shall constitute the common expenses of the Condominium, in addition to those expenses expressly declared to be common expenses under the Alabama Condominium Ownership Act, the Declaration and the By-Laws of the Association.

(xi) To estimate the amount of an annual budget and to make and collect assessments against owners of units in the Condominium to pay, satisfy and defray the costs, expenses, and losses of the Condominium.

(xii) To establish and maintain a reserve fund for capital improvements, replacements and major repairs as set forth in the Declaration.

(xiii) To use the proceeds of assessments in the exercise of its powers and duties.

(xiv) To purchase units in the Condominium.

(xv) To have reasonable access to each unit in the Condominium, at reasonable times, as may be necessary for the maintenance, repair or replacement of any of the common areas of the Condominium or of Condominium property, or for making emergency repairs necessary to prevent damage to the common areas and facilities or units in the Condominium.

(xvi) To make such distributions of any profits, surpluses or reserve funds of the Association to the members of the Association at such times and in such manner, and to do such other acts, as may be required to comply with the provisions of Section 501(c) (4) of the Federal and State statutes providing for an exemption from Federal and State income taxes for non-profit organizations.

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(c) All cash, deposits, investments, reserves and other funds and the titles to all properties acquired by the Association and the proceeds thereof shall be held in trust for the members of the Association in accordance with the provisions of the Declaration, these Articles and the By-Laws.

(d) The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration and the By-Laws.

ARTICLE IV

Membership

Section 1

Qualification. The members of the Association shall consist of all of the record owners of units in the Condominium.

Section 2

Change of Membership. Change of membership in the Association shall be established by the recording in the public records of Shelby 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.

Section 3

Voting Rights. Voting shall be on the basis of unit ownership, and each unit owner is entitled to one vote for each unit owned by him. The vote for a unit shall be cast by the owner thereof or by his proxy designated in the manner provided for in the By-Laws. If there is more than one owner, then the owners shall select a representative to cast their vote in the manner provided for in the By-Laws.

Section 4

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 expressed by the same person who would cast the vote of such owner at an Association meeting.

Section 5

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 such member's unit.

ARTICLE V

Duration of Association

The duration of the Association shall be perpetual, provided, however, that the Association shall be terminated by the termination of the Condominium in accordance with the provisions of the Declaration.

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ARTICLE VI

Directors

Number. The affairs of the Association shall be conducted by a board of not less than four (4) directors, who shall be elected at the annual meeting of members of the Association, or at any special meeting, to fill a vacancy in the Board of Directors. The initial Board of Directors shall be created pursuant to the authority and method as outlined in the By-Laws.

ARTICLE VII

Officers

The officers of the corporation shall consist of a president, one or more vice presidents, a secretary, a treasurer and such other officers and assistant officers as may be deemed necessary, each of whom shall be elected or appointed at such time and in such manner and for such terms as may be prescribed in the By-Laws.

ARTICLE VIII

Indemnification

Each director and officer of the Association shall be indemnified by the Association against all expenses and liabilities actually and necessarily incurred by him 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 at the time such expenses are incurred including amounts incurred in settlement thereof, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of any other rights to which such director or officer may be entitled under the Declaration or By-Laws, or otherwise.

ARTICLE IX

Registered Office and Agent

The name and address of the corporation's initial registered office and the name of its initial registered agent at such office shall be:

<u>Name</u>	<u>Address</u>
Timothy A. Massey	623 Red Lane Road, Suite 200 Birmingham, Alabama 35215

ARTICLE X

Initial Directors

The number of directors constituting the initial Board of Directors shall be four (4). The name and addresses of the persons who shall serve as the directors of the Association for the first year and until their successors are elected and duly qualified are as follows:

<u>Name</u>	<u>Address</u>
Howard W. Stocks	4208 Franklin Avenue Fairfield, AL 35064
Rev. B. J. Garber	P.O. Box 1647 Cullman, AL 35056
Dr. Don Jernigan	607 Wood Valley Road Greenville, AL 36037
Timothy A. Massey	623 Red Lane Road, Suite 200 Birmingham, AL 35215

ARTICLE XI

Incorporators

The name and addresses of the incorporators of the Association are as follows:

Howard W. Stocks	4208 Franklin Avenue Fairfield, AL 35064
Rev. B. J. Garber	P.O. Box 1647 Cullman, AL 35056
Dr. Don Jernigan	607 Wood Valley Road Greenville, AL 36037

The By-Laws of the Association shall be recorded simultaneously with the Declaration.

ARTICLE XIII

Limitations on Actions - HUD

So long as contract of mortgage insurance continues in effect with respect to a unit or property located on the condominium property, and during such further period of time as the Secretary of Housing Urban Development shall be the owner of such unit or holder, or reinsurer of any such mortgage, or during any such time the Secretary is obligated to insure a mortgage on any such unit or property, the following actions of the Board of Directors shall require the prior written approval of the Secretary:

- (1) Failing to allocate monthly payments to the reserve fund for improvements, replacements and major repairs in such monthly amounts as shall be approved by HUD;
- (2) Make disbursements from the reserve fund for replacements;
- (3) Annexation of additional properties, mergers and consolidations;
- (4) Leasing, mortgaging, or selling of any real or personal property of the Association;
- (5) Execution of management contract;

- (6) Dedication of such property;
- (7) Dissolution of the Association, and
- (8) Amendment of the Articles and By-Laws of this Association.

ARTICLE XIV

Limitations on Actions

So long as the Declarant described in the Declaration of Condominium owns any units in the Condominium or controls the Board of Directors, any action taken by said Board of Directors shall require the approval of the Declarant if such action involves (1) annexation of additional property, mergers, or consolidations, (2) leasing, mortgaging or selling of any real or personal property of the Association, (3) dedication of any such property, or (4) amendment of the Articles and By-Laws of this Association.

In witness whereof, we have hereunto set our hands and seals upon the following page herein this the 27th day of October, 1985.

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Signed this 10 day of June, 1985.

Howard W. Stocks
Howard Stocks

Signed this 17th day of October, 1985.

B. J. Garber
B. J. Garber

Signed this 17th day of October, 1985.

Don Jernigan
Don Jernigan

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BOOK

STATE OF ALABAMA)

Jefferson COUNTY)

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that Howard Atchley whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the 10th day of June 1985.

William H. Andelin
Notary Public
MY COMMISSION EXPIRES AUGUST 24, 1985

STATE OF ALABAMA)

Jefferson COUNTY)

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that B. J. Garber who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day the same bears date.

Given under my hand and seal, this the 17th day of October 1985.

James R. Cockrell
Notary Public
5-7-89

STATE OF ALABAMA)

COUNTY)

I, the undersigned, a Notary Public in and for said County and State, hereby certify that Don Vernedon, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before this day, that being informed of the contents of said instrument, executed same voluntarily on the day the same bears date.

Given under my hand and seal, this the 17th day of October 1985.

James R. Cockrell
Notary Public
5-7-89

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EXHIBIT "E"

STATE OF ALABAMA)
SHELBY COUNTY)

LEASE AGREEMENT

THIS LEASE AGREEMENT entered into by and between ALABAMA DISTRICT CHURCH OF THE NAZARENE INC. (hereinafter referred to as the "Lessor") and KAMCO DEVELOPMENT CORPORATION, INC., an Alabama corporation (hereinafter referred to as "Lessee").

W I T N E S S E T H:

1. The Lessor does hereby grant, demise and lease unto the Lessee in consideration of the covenants and agreements herein contained certain property in Shelby County, Alabama, described as follows:

(LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF AND KNOWN AS EXHIBIT "A")

TO HAVE AND TO HOLD the above-described property to the Lessee, its successors and assigns, for and during the term of fifty-two (52) years, subject however to the easements and restrictions of record.

2. Lessee hereby agrees to pay Lessor an annual rental of Five Hundred and No/100 Dollars (\$500.00) per year for the entire lease term of fifty-two (52) years, payments to be made each year in the month of July for the preceding year.

3. It is agreed between the Lessor and Lessee that the Lessor does hereby disclaim any right, authority, or privilege to plan, control, supervise or in any manner interfere with the development of said property by Lessee. The Lessor has no responsibility or obligation for the construction of roads, utilities or grading of land. The Lessee is granted the right and authority to fully develop the leased property, including authority to subdivide certain areas into condominium units and authority to grant to an assignee/lessee, by assignment or otherwise, a leasehold interest in any condominium unit to run concurrently with the term granted hereunder, plus the period of any renewal of the term as provided herein, and with the authority to fix the terms and conditions of the leasehold interest of the said assignee/lessee. The authority granted to the Lessee hereunder shall include the right to provide for the construction of roads, utilities and other necessary actions to fully develop the use of the demised premises, including also authority to issue and record subdivision plans, condominium plans, area zone map or maps, protective covenants and restrictions.

4. The Lessor further covenants and agrees that if the Lessee shall pay the rent as herein provided and shall keep, observe and perform all of the other covenants of this lease to be kept, observed and performed by the Lessee, the Lessee shall peaceably and quietly have, hold and enjoy the said premises for the term aforesaid.

5. In the case any portion of the rental remains unpaid for the space of ninety (90) days after the time of payment herein set out or in case the Lessee shall default in the performance

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of or breach any of the other covenants, conditions, terms and provisions of this Lease and shall continue in such non-payment, default or breach after ninety (90) days and upon notice in writing from the Lessor, then the Lessor in any such event may declare this Lease terminated subject to the provision contained in Paragraph 4 hereof.

6. Upon the expiration or sooner termination of this Lease, Lessee shall be allowed a period of sixty (60) days in which to recover all of his property including such furnishings and fixtures installed by the Lessee which may be removed without injury to the land and improvements and Lessee shall surrender possession of land and improvements in as good state and condition as reasonable use and wear will permit.

7. The failure or successive failures on the part of the Lessor to enforce any covenant or greement, or no waiver or successive waivers, on its part of any condition, agreement or covenant herein shall operate as a discharge thereof or render the same invalid or impair the right of the lessor to enforce the same in the event of any subsequent breach or breaches. The acceptance of rent by the Lessor shall not be deemed a waiver by it of any earlier breach by the Lessee except as to such covenants and conditions as may relate to the rent so accepted.

8. Each and every of the conditions, covenants and greements herein contained shall be obligtory upon and inure to the benefit of the successors and assigns of the parties hereto and this Lease may be assigned, mortgaged, pledged or transferred without notice to the Lessor.

9. It is expressly agreed and understood that all leases upon said property heretofore entered into by and between the parties hereto or any prior leases which have been ssigned to Lessee are hereby cancelled and annuled. However, this Lease shall not be construed to interfere with or amend any contract rights of third parties having dealt with the Lessee and this Lease Agreement shall and does constitute the Lease Agreement between the parties hereto.

10. In the event Lessee shall fully perform all of the terms, provisions and conditions on its part to be performed for the full term of this Lease, Lessee shall have the right and privilege at its election to renew this Lease for a further term of fifty-two (52) years by giving the Lessor written notice of such election to renew, not later than six (6) months prior to the expiration of the original term. Such renewal shall be on the like covenants, provisions and conditions as are in this Lease contained, including an option for futher renewals.

11. Attached hereto and incorporated herein and known as Exhibit "B" is the Agreement creating conditions precedent to the sale of Real Estate more particularly described in Exhibit "A".

12. It is agreed that Lessee, his sublessees, assigns, and successors shall have the right of easement for egress and engress to use all existing roads and parking areas in and upon the camp ground land which surrounds the herein leased premises and ground.

WITNESSES:

ALABAMA DISTRICT CHURCH OF THE
NAZARENE, INC.

Bill Elliott

By:

Don Jernigan
Don Jernigan, Authorized Agent

H. Lamar Smith

CHURCH OF THE NAZARENE DISTRICT
CAMP BOARD

By:

Don Jernigan + B. J. Barber
Don Jernigan & B. J. Barber
Authorized Agents

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ALABAMA NORTHERN DISTRICT CHURCH OF
THE NAZARENE, INC.

Bill Elliott

By: B. J. Garber
B. J. Garber, District Superintendent

ALABAMA SOUTHERN DISTRICT CHURCH OF
THE NAZARENE, INC.

H. Leroy Smith

By: Don Jernigan
Don Jernigan, District Superintendent

(LESSORS)

WITNESSES:

KAMCO DEVELOPMENT CORPORATION

Bill Elliott

By: Mike Lynn
Mike Lynn, President

(LESSEE)

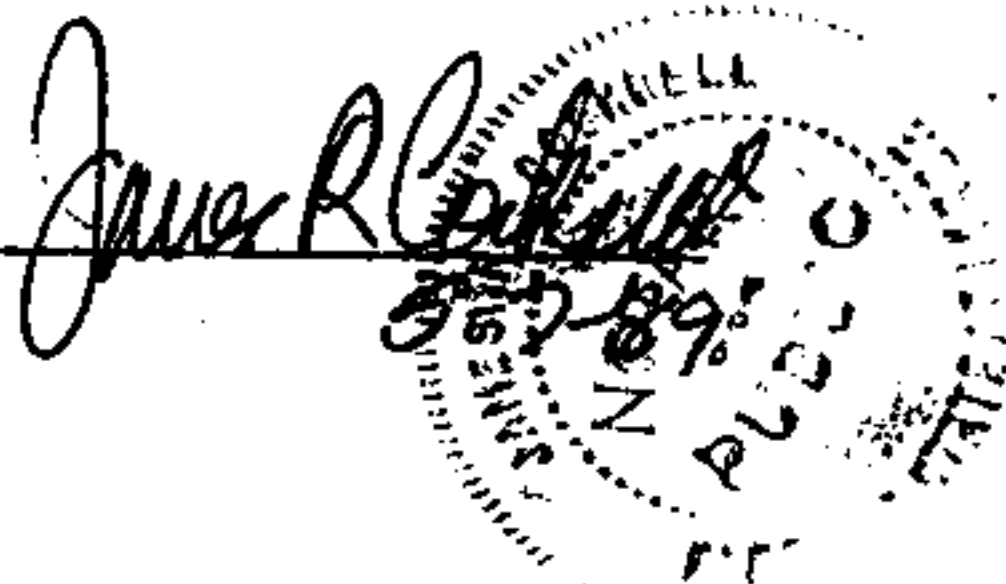
STATE OF ALABAMA

COUNTY

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that B. J. Garber, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the 17th day of October, 1985.

Notary Public



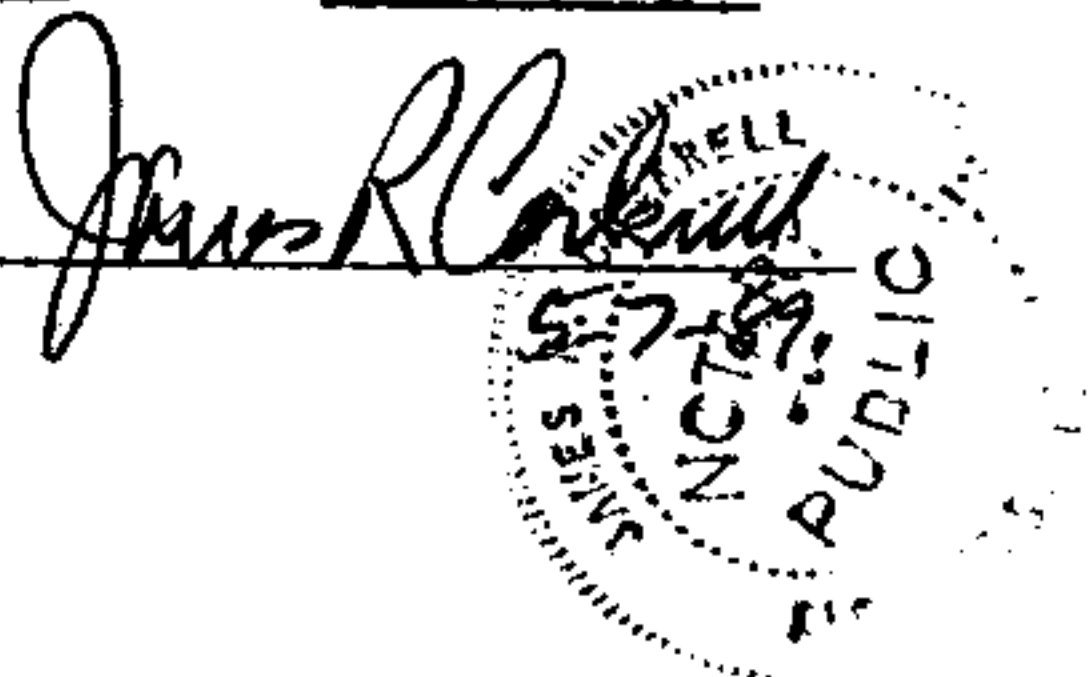
STATE OF ALABAMA

COUNTY

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that Don Jernigan, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the 17th day of October, 1985.

Notary Public



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STATE OF ALABAMA

COUNTY

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that Mike Lynn, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the 17th day of October, 1985.

James R. Cockrell
Notary Public



STATE OF ALABAMA

COUNTY

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that _____ and _____, whose names are signed to the foregoing instrument, and who are known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the _____ day of _____, 1985.

Notary Public

STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that Mike Lynn, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me this day, that being informed of the contents of said instrument, executed same voluntarily on the day same bears date.

Given under my hand and seal, this the _____ day of _____, 1985.

Notary Public

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EXHIBIT "A"

STATE OF ALABAMA
SHELBY COUNTY

A parcel of land situated in the Southwest Quarter of Section 3, Township 22 South, Range 2 West, Huntsville Meridian, Shelby County, Alabama, and being more particularly described as follows:

Commence at the Northeast Corner of the Northwest Quarter of the Southwest Quarter of said Section 3; thence with a deflection of 102 degrees 14 minutes 31 seconds, right, from the easterly projection of the North line of said quarter-quarter section, 314.34 feet to a point; thence with a deflection of 15 degrees 30 minutes 30 seconds, left, 674.96 feet to a point; thence with a deflection of 49 degrees 45 minutes 00 seconds, right, 742.40 feet to a point; thence with a deflection of 75 degrees 50 minutes 30 seconds, right, 175.58 feet to a point; thence with a deflection of 85 degrees 15 minutes 30 seconds, right 61.20 feet to the point of beginning; thence with a deflection of 90 degrees 00 minutes 00 seconds, left, 65.33 feet to a point; thence with a deflection of 90 degrees 00 minutes 00 seconds, right, 115.83 feet to a point; thence with a deflection of 90 degrees 00 minutes 00 seconds, right, 65.33 feet to a point; thence with a deflection of 90 degrees 00 minutes 00 seconds, right, 115.00 feet to the point of beginning, forming a closing interior angle of 90 degrees 00 minutes 00 seconds and containing 0.1737 acres, more or less.

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EXHIBIT "B"

AGREEMENT CREATING CONDITIONS PRECEDENT TO
THE SALE OF REAL ESTATE

WITNESSETH:

(1) Whereas, the Pine Hill Phase I Condominium Association, Inc. and its members (hereinafter referred to as the Parties of the First Part) are desirous of divesting itself and its members of all leasehold interests held by them in Real Property owned by and leased from Alabama District Church of the Nazarene, Inc. (Church of Nazarene District Camp Board, Alabama Northern District Church of Nazarene, Inc., Alabama Southern District Church of Nazarene, Inc. Agents) (hereinafter referred to as Parties of the Second Part) and located on the premises of the Rolling Hills Church of the Nazarene Campground in Calera Alabama (legal description attached hereto and made a part hereof and known as Exhibit "A") if and in the event of any sale by the party of the Second Part of said real estate described in Exhibit "A"; and

(2) Whereas the Parties of the Second Part are desirous that none of the herein described real estate according to Exhibit "A" shall be sold while there is outstanding any term under any lease agreement with any of the parties of the First Part; and

(3) In consideration of the mutual desires and mutual promises herein recited, and in consideration of One Dollar (\$1.00) in hand receipt paid by the party of the First Part to the party of the Second Part the parties hereby agree that:

(A) There exists a conditions precedent to the sale of the realty as described in Exhibit "A" by parties of the Second Part, that all parties of the First Part shall make available and hereby promise to divest themselves of all rights, title and interest in any realty leased from any of the parties of the Second Part or their lessees; and

(B) There exists a condition precedent to the said sale that the parties of the Second Part promise to pay to the parties of the First Part a fair market value amount in consideration of the hereinabove described duty of divestiture of said lease holds; and

(C) That no sale shall be made of the realty described in Exhibit "A" unless and without failure that conditions precedent "A" & "B" immediately hereinabove preceeding are satisfied either:

(i) Prior to the closing of the sale of said realty described in Exhibit "A"; or

(ii) Contemporaneous with the closing of the sale of said realty.

PINE HILL PHASE I CONDOMINIUM ASSOCIATION, INC.

By: Don Jernigan
Its President

ALABAMA DISTRICT CHURCH OF NAZARENE, INC.

By: Don Jernigan
Its Agent, Don Jernigan

CHURCH OF NAZARENE DISTRICT CAMP BOARD

By: Don Jernigan B. J. Garber
Its Agents, Don Jernigan and B.J. Garber

ALABAMA NORTHERN DISTRICT CHURCH OF NAZARENE,
INC.

By: B. J. Garber
Its Agent, B. J. Garber

ALABAMA SOUTHERN DISTRICT CHURCH OF NAZARENE,
INC.

By: Don Jernigan
Its Agent, Don Jernigan

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EXHIBIT "F"

STATE OF ALABAMA)
SHELBY COUNTY)

CONDOMINIUM SUBLEASE

THIS SUBLEASE, executed this ____ day of _____, 1984, by and between KAMCO DEVELOPMENT CORPORATION (hereinafter referred to as "Sublessor"), and _____ (hereinafter referred to as "Sublessee").

W I T N E S S E T H:

The Sublessor, for and in consideration of the sum of _____ Dollars (\$ _____) paid this date, the receipt of which is hereby acknowledged, and the agreements to be kept and performed by the Sublessee, has demised and leased and by these presents does demise and lease unto the said Sublessee, those certain improvements known as Condominium Unit No. _____ of PINE HILL, PHASE I, a CONDOMINIUM, together with such Unit's fractional share of _____ percent (%) or any amendments thereto as recorded in Official Records Book _____, at Page _____, of the Public Records of Shelby County, Alabama.

1. TERM: This Sublease is to run from the ____ day of _____, 198__, through and including _____. It is the intent of the Sublessor, at such time as all condominium units in Pine Hill, Phase I, a Condominium, have been subleased, to have divested itself of all right, title and interest in and to all property submitted to condominium, as per Declaration thereof recorded in Official Records Book _____, at Page _____, of the Public Records of Shelby County, Alabama.

2. TERMS OF EXISTING LEASES, AMENDMENTS AND ASSIGNMENTS THEREOF INCORPORATED HEREIN: The terms of the existing Lease between Alabama District Church of the Nazarene and Kamco Development Corporation, dated _____, and recorded in Official Records Book _____, at Page _____, of the Public Records of Shelby County, Alabama, and the terms of all subsequent assignments of such Lease are incorporated herein by reference, as fully as if said terms and provisions were set forth in full herein. Sublessee and its successors shall comply with all terms of the aforesaid Lease, amendments thereto and assignments of said Lease.

3. DUTIES OF SUBLESSEE: For the purposes of this Sublease, Sublessor and Sublessee agree that wherever the term "condominium unit" or "unit owner" or "owner of a unit" appears in the Declaration of Condominium of Pine Hill, Phase I, a Condominium, the same shall be construed to mean and include Sublessee herein and his assignees, sublessors, and successors, as well as other sublessees of units in said Condominium. Sublessee shall pay all common expenses and comply with, perform and be bound by all other obligations, conditions, restrictions, reservations, terms and easements, as provided in said Declaration, which apply to a "Unit Owner" or "Owner of a Unit", as aforesaid, to the same extent and as though Sublessee was, in fact, the fee simple owner of said Unit, using the premises only for such purposes as are permissible under the terms of said Declaration.

4. TRANSFER AND MORTGAGING OF LEASEHOLD INTEREST: The Sublessee and his successors in interest shall have the right to assign all of their leasehold interest, and to mortgage the same, subject only to the requirement that a copy of said assignment or mortgage, or written notice thereof, is given to the KAMCO Development Corporation, together with a transfer fee not exceeding Twenty-five Dollars (\$25.00).

5. COSTS AND ATTORNEY FEES: In any proceeding arising because of a default by one of the parties, the non-defaulting party shall be entitled to reasonable attorney fees, expenses and costs arising from the default.

6. CARE OF THE PREMISES: Sublessee shall not permit to be performed any acts or allow to be carried on any practices which may injure the improvements on the above-described premises.

7. UTILITY SERVICE, REPAIRS, AND/OR EXPENSES: Sublessee agrees that Sublessor has no obligation to provide any utilities, repairs or expenses for the unit owner's leased premises, but rather Sublessee agrees that Sublessee shall pay for all necessary and desired utilities, repairs or expenses thereon.

8. MAINTENANCE OF PREMISES: Sublessee agrees to maintain the leased premises in good order, condition and repair, and that Sublessor has no obligation whatsoever to maintain the leased premises or any of the improvements thereon, in view of the fact that it is divesting itself of all its right, title and interest in and to the aforesaid condominium unit leased herein and the fractional share of such condominium unit in the common and limited elements appurtenant to such apartment, as set forth in the Declaration of Condominium referred to hereinbefore. Sublessee agrees to permit no waste, damage or injury to said premises. At the expiration of the Sublease created hereunder (which is for the remainder of the term of the underlying Master Lease), Sublessee shall surrender the premises in good condition, reasonable wear and tear excepted, in accordance with the Master Lease with the Alabama District Church of the Nazarene referred to in Paragraph 2 hereof. Sublessee agrees that the electrical systems, water systems, fixtures and equipment within and upon the leased premises shall be under the full control of Sublessee, and that all operation, upkeep, repairs and replacements of such items shall be done by and at Sublessee's expense, except as modified by the aforesaid Declaration of Condominiums.

9. INSURANCE ON PREMISES: The Pine Hill, Phase I, Condominium Association, Inc. may, pursuant to Section 35-8-9, Code of Alabama, purchase and maintain all forms of insurance coverage which are for the benefit of Unit Owners. The amount of each Unit Owner's liability for payment of premiums for such insurance shall be part of his common expense or limited common expense as is appropriate. The Association shall apprise each Unit Owner whether or not insurance coverage is maintained by the Association and the type and amount of any insurance which is so maintained. No Unit Owner or other person having an insurable risk may be precluded from obtaining insurance, individually, at his own expense and for his own benefit against any risk whether or not covered by insurance maintained by the Association.

10. COVENANT TO HOLD HARMLESS AND INDEMNIFY: Sublessor shall be and is hereby held harmless by Sublessee from any liability for damages to any person or any property in or upon said leased premises and the common elements appurtenant to the same, including the person and property of Sublessee and all persons upon the leased premises at Sublessee's invitation, expressed or implied.

10.1 It is understood and agreed that all property kept, stored or maintained in or upon leased premises shall be so kept, stored or maintained at the risk of Sublessee only.

10.2 Sublessee agrees to indemnify the Sublessor for any liability which the Sublessor may incur under the provisions of this Section 10.

11. DEFAULTS: In the event of any default in this Sublease, the aforesaid PINE HILL, PHASE I, CONDOMINIUM ASSOCIATION, INC., shall be entitled to enforce compliance with the terms of this Sublease and the underlying Master Lease provisions, as amended, and all subsequent assignments of said Master Lease, in accordance with the Declaration of Condominium referred to hereinbefore, and as the irrevocable agent of Sublessor, KAMCO Development Corporation.

12. WAIVER: One or more waivers of any covenant or condition by Sublessor shall not be construed as a waiver of any subsequent breach of the same covenant or condition, and the consent or approval by Sublessor to or any act by Sublessee requiring Sublessor's consent or approval shall not be deemed to waive or render unnecessary Sublessor's consent or approval to or of any subsequent similar act by Sublessee.

13. NOTICES: Whenever under this Lease a provision is made for notice of any kind, such notice shall be in writing.

13.1 It shall be deemed sufficient notice and service thereof if such notice to Sublessee is addressed to Sublessee at the last known post office address of Sublessee, and sent by certified mail with postage prepaid, and such notice to Sublessor shall be in writing, addressed to the last known post office address of Sublessor, and sent by certified mail with postage prepaid.

14. CONSTRUCTION: Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that no provision contained herein or included herein by reference, nor any acts of the parties herein, shall be deemed to create any relationship between the parties hereto, other than the relationship of Sublessor and Sublessee, and that Sublessor has divested itself of all right, title and interest and any reversion in the Sublease by this instrument. Whenever herein the singular is used, the same shall include the plural, and the masculine gender shall include the feminine and the neuter genders, if such be appropriate.

15. NON-LIABILITY: Sublessor shall not be responsible or liable to Sublessee for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the premises hereby leased, or of the acts or omissions of any of the other sublessees of apartments in said condominium, in view of the fact that the entire property subject to condominium has been submitted to the condominium regime, and the PINE HILL, PHASE I, CONDOMINIUM ASSOCIATION, INC., an Alabama non-profit corporation, consisting of the condominium Unit Owners, has full control over all the structures and improvements known as the common and limited elements.

16. TAXES: The Sublessor warrants that all taxes prior to the current year have been paid or are barred by the applicable statute of limitation. Sublessee covenants and agrees with Sublessor that the Sublessee shall pay, before any fine, penalty, interest or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof, all taxes, assessments, water and sewer rents, charges for public utility, excises, levies, licenses and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature whatsoever, which, at any time during the term of this Sublease may be assessed, levied, confirmed or imposed upon the demised premises, or any improvements thereon.

17. CONDITIONS: This Agreement shall be binding upon and inure to the benefit of the heirs, successors, assigns, personal representatives, assignees and transferees of the parties.

18. SUBLESSOR'S INTEREST NOT SUBJECT TO MECHANIC'S LIENS: All persons to whom these presents may come are put upon notice of the fact that the Sublessee shall never, under any circumstances, have the power to subject the interest of the Sublessor, if any, in the premises to any mechanics' lien or materialmans' lien or lien of any kind.

19. RIGHTS OF SUBLESSOR TO BE EXERCISED BY CONDOMINIUM ASSOCIATION, INC.: At such time as Sublessor has filed of record this Sublease, then the Pine Hill, Phase I, Condominium Association, Inc. (the Unit Owner's operating association) be and it is irrevocably empowered to exercise, and said Sublessor does hereby assign to such Association, Sublessor's rights, privileges and benefits under this Sublease and all rights of the Sublessor in the underlying Master Lease described in Paragraph 2 hereof with respect to such Master Lease, and any assignments to such Master Lease, as described hereinabove.

20. SUBLESSEES ACKNOWLEDGEMENT OF, AND MEMBERSHIP IN, THE PINE HILL, PHASE I, CONDOMINIUM ASSOCIATION, INC.: Sublessee, his heirs, assigns, mortgagors, mortgagees, sublessees and successors hereby expressly acknowledge the existence of the governing body of the unit owners association known as Pine Hill, Phase I, Condominium Association, Inc. (hereinafter referred to as the association). Further, the aforesaid hereby expressly declare membership in the said association and expressly agree to abide by the rules, regulations, Articles of Incorporation, and By-Laws of the same having fully understood the aforesaid rules, regulations, Articles of Incorporation and ByLaws.

21. ARTICLES OF INCORPORATION AND BY-LAWS OF PINE HILL, PHASE I, CONDOMINIUM ASSOCIATION, INC. INCORPORATED HEREIN: The Articles of Incorporation and the By-Laws of Pine Hill, Phase I, Condominium Association, Inc. which are recorded in official records book _____ at page _____ of the public records of Shelby County, Alabama, and any subsequent changes thereof are incorporated herein be reference, as fully as if said documents were set forth in full herein. Sublessee and its successors shall comply with all provisions of said documents, amendments thereto and rulings of the aforesaid governing body.

22. SUBLESSEE'S COVENANT TO RESTRICT USE OF UNITS HELD: Sublessee, his heirs, assignees, mortgagors, mortgagees, sublessees and successors hereby expressly covenant and agree to restrict their use of each and every unit held by them to the period of two (2) weeks per calendar year, for each of such unit so held. It is the intent and desire of these aforesaid parties that their unit be available for rental for a period of fifty (50) weeks out of each and every calendar year for the entire term of this sublease; and further, that the aforesaid parties are obligated and shall make available any unit held by them to the Pine Hill, Phase I, Condominium Association, Inc. or their duly appointed managing agent for the purpose of renting said unit during the 50 week period. The aforesaid parties hereby grant to the condominium owners association and its duly appointed managers or agents the power and duty to rent the said unit(s) pursuant to authority of Article IV of the unit owners association By-Laws and any contracts entered into thereunder.

23. BY-LAWS CHURCH OF THE NAZARENE: The unit owners are aware, understand and agree to abide by the By-Laws of the Church of the Nazarene and said By-Laws shall be considered as part and parcel of this agreement as if fully set out.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed this _____ day of _____, 1985.

KAMCO DEVELOPMENT CORPORATION,
an Alabama Corporation

By: _____
Officer and Agent
(Sublessor)

Witness (SEAL)

Witness (SEAL)
(Sublessee)

The undersigned Association hereby accepts the Sublessor's obligations, rights and privileges in the underlying Master Lease described in Paragraph 2 hereof, any amendments thereto, any assignments of such Master Lease and this Sublease.

PINE HILL, PHASE I, CONDOMINIUM
ASSOCIATION, INC.

By: _____
President

BOOK 047 PAGE 476

MANAGEMENT AGREEMENT

THIS AGREEMENT is made this 17th day of October, 1985, between the party of the first part, PINE HILL, PHASE I CONDOMINIUM ASSOCIATION, INC., jointly of its members and severally each and every individual member thereof or their heirs, successors, assigns or sublessors (hereinafter referred to as the "Owner"), and the party of the second part, KAMOO DEVELOPMENT CORPORATION, INC. (hereinafter referred to as the "Agent"), should become effective as of the 17th day of October, 1985, and shall continue for a term of ten (10) years.

1. This Agreement is made in consideration of the services to be rendered hereunder by the Agent and the compensation herein agreed by the Owner to be paid to the Agent for such services.

2. The Owner appoints the Agent as exclusive agent for the management of the property described in Paragraph 3 of this Agreement, and the Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement.

3. The Premises are described as follows:

NAME: Pine Hill Condo-Motel
RT. 2 Box 609
COUNTY: Calaveras, AL 35040
STATE: Shelby County
AL

4. The Agent, as a party to this Agreement, agrees to furnish the services of its organization, to exert its best efforts, and to exercise the highest degree of professional skill and competence in managing the Premises, in order to provide the Owner with the maximum economic return consistent with proper management.

5. The Owner agrees that the Agent shall act as the Owner's exclusive agent in managing and operating the Premises.

6. The Agent hereby accepts the following responsibility and duties as to the Premises:

(a) To prepare and file all returns and other documents required under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act, or any similar Federal or State legislation, and all withholding tax returns required for employees of the Premises.

(b) The Agent shall pay all amounts required to be paid under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act or any similar Federal or State legislation, and all withholding taxes from the Owner's fund.

In addition to the requirements in the above paragraphs the Agent further agrees to prepare on behalf of the Owner all other forms and reports necessary for the operation of the Premises.

7. The Owner gives to the Agent and the Agent hereby accepts, the following responsibility and powers regarding the Premises:

(a) The Agent will cause the Premises to be maintained and repaired in accordance with the sound management policies and local codes, and in a condition at all times acceptable to the Owner, including but not limited to cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary, subject to any limitations imposed by the Owner.

8. The Agent shall obtain recommendations and premium

costs from at least three different insurance companies on all forms of insurance needed to protect the Owner, the Premises, and required by law. All insurance policies required for the benefit of the Owner shall be placed with the company or companies where bids have been accepted by the Owner and shall be in such amounts and with such beneficial interests appearing therein as shall be acceptable to the Owner.

(a) The Agent shall promptly investigate and make a full written report on all accidents, claims, and potential claims for damages relating to the ownership, operation, and maintenance of the Premises, including any damages to or destruction of the Premises and the estimated cost of repair, and shall meet and fulfill all requirements applicable to the loss or claim.

9. The Agent will furnish at the Agent's expense a fidelity bond in the principal sum of \$50,000.00, to protect the Owner against misapplication of the Premises funds by the Agent and its employees.

10. All personnel will be employees of the Agent and will be hired, paid, supervised and discharged by the Agent.

11. In consideration for the services to be rendered to the Owner by the Agent, \$10.00 per month. *and such other consideration as agreed upon.*

12. This Agreement terminates on its expiration date unless the parties hereto enter into and execute a renewal agreement prior to the expiration date.

13. At all times this Agreement will inure to the benefit of and constitute a binding obligation on the parties and their respective successors and assigns.

14. This Agreement constitutes the entire Agreement between the Owner and the Agent with respect to the management and operation of the Premises, and no change will be valid unless made by supplemental written agreement, executed and approved by the consenting parties as well as the principal parties.

15. This Agreement has been executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any purpose without production of any of the counterparts.

IN WITNESS WHEREOF, the parties hereto have affixed their respective signatures on the date first above written.

WITNESS

Bill Elliott

WITNESS

B. J. Garbar

WITNESS

OWNER

Michael L. Leland

AGENT

Don German

PINE HILL, PHASE I
CONDOMINIUM ASSOCIATION, INC.
By its President

STATE OF ALA. CHIEF CLERK
I CERTIFY THIS
INSTRUMENT WAS FILED

1985 NOV -1 PM 4:40

Thomas A. Leland, Jr.
JUDGE OF THE COURT

Rec 182.50
Ind 1.00
183.50