

This instrument prepared by and upon  
recording should be returned to:

Josephine R. Wright  
BALCH & BINGHAM LLP  
1901 Sixth Avenue North, Suite 2600  
Birmingham, Alabama 35203

**ARTICLES OF INCORPORATION  
OF  
LAKE FOREST RESIDENTIAL ASSOCIATION, INC.  
(a corporation not for profit)**

Inst # 1998-28389

07/27/1998-28389  
10:52 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
012 MCD 50.00

**TO THE JUDGE OF PROBATE OF SHELBY COUNTY, ALABAMA:**

This is to certify that, for the purpose of forming a corporation pursuant to the provisions of the "Alabama Nonprofit Corporation Act" [1975 Code of Alabama Section 10-3A-1, et seq.], the undersigned do hereby make and file the following Articles of Incorporation.

**ARTICLE I  
NAME**

The name of the corporation shall be:

**"LAKE FOREST RESIDENTIAL ASSOCIATION, INC."**

The corporation is sometimes referred to herein as the "Corporation" or the "Association".

**ARTICLE II  
DEFINITIONS**

**SECTION 2.1 Association:** The Lake Forest Residential Association, Inc., its successors and assigns.

**2.2 Association Land:** Such real property (including the lake within the Subject Property) which may at any time hereafter be conveyed to or owned by the Association, and all improvements thereon, for so long as the Association or successor thereof may be the owner thereof.

**2.3 Board:** The Board of Directors of the Association.

**2.4 ByLaws:** The duly enacted ByLaws of the Association.

**2.5 Committee:** Architectural Review Committee as defined in the Protective Covenants.

**2.6 Deed:** Any deed, assignment, lease, or other instrument conveying fee title or a leasehold interest in any part of the Subject Property subjected to the Protective Covenants.

**2.7 Lake Forest:** The Subject Property subjected to the Protective Covenants.

**2.8 Lot:** Any unit, lot, part or parcel of the Subject Property designed for a residence and platted of record, regardless of whether a Dwelling has or has not been constructed thereon.

**2.9 Lot Owner:** The owner of a Lot.

**2.10 Member:** A person or other entity who is a record owner of a Lot.

**2.11 Member's Subject Property:** All Lots in the Subject Property which are platted of record.

**2.12 Protective Covenants:** Any Declaration of Protective Covenants for any sector of Lake Forest which shall be recorded in the Probate Records of Shelby County, Alabama, as the same may from time to time be supplemented or amended in the manner described therein.

**2.13 Resident:** Any person or persons occupying or leasing Member's Subject Property.

**2.14 Subject Property.** The property subjected to the Protective Covenants.

### **ARTICLE III**

#### **PRINCIPAL OFFICE AND AGENT**

The location and mailing address of the initial registered office of the Association, and the name of its initial registered agent at such address, are as follows:

Joseph E. McKay  
One Riverchase Office Plaza  
Suite 200  
Birmingham, Alabama 35244

**ARTICLE IV**  
**OBJECTS, PURPOSES AND POWERS**

**SECTION 4.1** This Association shall be a corporation not for profit organized for non-profitable purposes and activities and no part of its net earnings shall inure to the benefit of any private shareholder or member of the Association.

**4.2** The objects and purposes for which this Corporation is organized are as follows:

**4.2.1** To establish, maintain, operate and provide all community services of every kind and nature required or desired by the Lot Owners of the Subject Property which shall be made subject to the jurisdiction of the Association by the Protective Covenants or any supplemental declaration thereto, or other declaration, deed or instrument.

**4.2.2** To own, acquire, build, operate, and maintain the lake within the Subject Property, recreation parks, playgrounds, common drives and footways, including buildings, structures, and personal properties incident thereto, which property shall be held as Association Land; maintain unkept lands and trees; maintain other areas and structures beneficial or useful to Member's Subject Property; supplement municipal and other governmental services; fix assessments to be levied against the Member's Subject Property and the owners of such Member's Subject Property; enforce any and all covenants, restrictions and agreements applicable to the Association Land or to Member's Subject Property; and pay taxes, if any, on the Association Land; and, insofar as permitted by law, to do any other thing that, in the opinion of the Board, will promote the common benefit and enjoyment of the Members.

**4.2.3** To present a unified effort to the Members in protecting the value of the property of Members.

**4.2.4** To own, operate and manage the Association Land; to perform and carry out the acts and duties incident to the administration, operation and management of said Association Land in accordance with the terms, provisions, and conditions contained in these Articles of Incorporation; to borrow funds on such terms as the Association deems appropriate to carry out the rights, powers and obligations hereof; and to own, operate, lease, sell, mortgage, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient.

**4.2.5** To provide for any or all projects, services, facilities, studies, programs, systems and properties relating to: lakes, dams, parks, recreational facilities or services; streets, roads, highways, walkways, curbing, gutters, sidewalks, trees, flowers and landscaping, fountains, benches, shelters, directional and informational signs, walkways and bridges, and street, road and highway lighting facilities; traffic engineering programs and parking facilities; facilities for the collection, treatment and disposal of garbage and refuse; facilities or arrangement for facilities for collection and treatment of sewage; facilities for the fighting and



preventing of fires; parks, playgrounds and other related or unrelated recreational facilities; and any and all other improvements, utilities, facilities and services that the Board shall find to be necessary, desirable or beneficial to the interest of the Subject Property, Members and Residents of Lake Forest.

**4.2.6** To provide for the security of its Members, the property of its Members, Residents and property of Residents of Lake Forest; to provide for road maintenance, parking within roadway areas, and traffic control; to provide for garbage and waste collection and disposal; to provide fire protection services to Lake Forest or any part thereof.

**4.2.7** To own, lease, license, operate, purchase, acquire, hold, improve, develop, manage, sell, convey, transfer, exchange, release and dispose of, either alone or in conjunction with others, real and personal property, tangible and intangible, of every kind, character and description.

**4.2.8** To enforce all of the terms and provisions of the Protective Covenants and to make, establish and enforce reasonable rules and regulations governing the administration, operation and management of the Subject Property.

**4.2.9** To the extent provided in the Protective Covenants, to control the specifications, architecture, design, appearance, siting and landscaping of all improvements to be constructed, placed or permitted to remain on any Lot in the Subject Property and all alterations, changes and additions thereto.

**4.2.10** To do such other things as may be necessary and proper for the carrying out and accomplishment of the above objects and purposes and of such other objects and purposes as are deemed necessary and proper by its Directors. The objects and purposes expressed herein relate to services, benefits and expenditures pertaining to, derived from, or in connection with Lake Forest or areas thereof intended for and available for the common use and enjoyment or need of the Members.

**4.3** In furtherance of the aforesaid objects, purposes and powers, the Association shall have and exercise all of the powers of a Corporation Not for Profit organized and existing under the laws of the State of Alabama and all the powers reasonably necessary to implement the powers of the Association, which powers shall include but are not limited to, the power:

**4.3.1** To make, levy and collect assessments and annual, monthly or quarterly maintenance charges from its Members and to expend the proceeds of such assessments and charges for the benefit of its Members.

**4.3.2** To contract with others to provide the services, benefits and advantages desired.

4.3.3 To enforce by legal action suits on behalf of the Association.

4.3.4 To make, establish and enforce reasonable rules and regulations governing the use of the Association Land.

4.3.5 To maintain, repair, replace and operate those portions of the Subject Property that the Association has the duty or right to maintain, repair, replace and operate under these Articles of Incorporation and the Bylaws of the Association.

4.3.6 To contract for the management of the Subject Property and to delegate to such contractors all or a part of the powers and duties of the Association.

4.3.7 To employ personnel to perform the services required or authorized by these Articles of Incorporation, the Protective Covenants and by the Bylaws of the Association.

4.3.8 To purchase insurance upon and for the protection of the Association Land, the Board and the Officers of the Association.

4.3.9 To reconstruct improvements constructed on the real property after casualty or other loss.

4.3.10 To make additional improvements on and to the Association Land.

4.3.11 To acquire and enter into agreements whereby it acquires leaseholds, memberships or other possessory or use interests in lands or facilities including but not limited to marinas, lakes and other recreational facilities, whether or not contiguous.

4.3.12 To borrow funds on such terms as the Association deems appropriate to carry out the rights, powers and obligations hereof, and to own, operate, lease, sell, mortgage, trade and otherwise deal with the Association Land.

4.3.13 To enforce by legal action the provisions of these Articles of Incorporation, the ByLaws and the Protective Covenants.

4.3.14 To do all things allowed in the Bylaws or Protective Covenants.

## **ARTICLE V**

### **TERM**

This Association shall exist perpetually.

## **ARTICLE VI**

### **NONSTOCK AND NONPROFIT STATUS**

The Association shall have no capital stock, is not organized for profit, and does not contemplate pecuniary gain or profit to the members thereof. No part of the earnings of the Association shall inure to the benefit of any member, individual, officer, or director. The Association does not contemplate the distribution of gains, profits or dividends to the members thereof and is organized solely for nonprofit purposes.

## **ARTICLE VII**

### **MEMBERS**

The Members of the Association shall consist of the Lot Owners of all of the Lots within the Subject Property. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Developer shall be entitled to all voting rights attributable to any Lots owned by Developer. Notwithstanding anything provided herein or in the Bylaws of the Association to the contrary, for so long as Developer owns any portion of the Subject Property, (a) Developer shall have the sole and exclusive right to (i) elect the Board, (ii) appoint the officers of the Association and the members of the Committee, as defined in the Protective Covenants, (iii) remove and replace any members of the Board, the officers of the Association and the members of the Committee, (iv) amend these Articles of Incorporation and the Bylaws, (v) amend the Protective Covenants (subject to the limitations set forth in therein) and (vi) take all other action on behalf of the Association and vote on all other matters required to be voted on or approved by the members of the Association (except to the extent all members of the Association are entitled to vote on the matters described in Item (b) below of this Article VII and (b) the voting rights of the members of the Association shall be limited to (i) approving any special assessments as provided in the Protective Covenants or Bylaws of the Association and (ii) approving amendments to the Protective Covenants if such approval is required pursuant to the provisions of the Protective Covenants. As long as Developer owns any portion of the Subject Property, the members shall have no voting rights or privileges in the Association except as specified in Item (b) of this Article VII. At such time as Developer no longer owns any portion of the Subject Property, the members shall be entitled to vote on all of the foregoing matters subject to any restrictions set forth in the Protective Covenants. The voting rights of any Member may be limited and suspended in accordance with the provisions of the Bylaws.

## **ARTICLE VIII**

### **DIRECTORS**

A. **Number of Directors.** The affairs of the Association shall be managed by a Board. The number of Directors constituting the initial Board shall be three (3). Thereafter, the number of Directors shall be fixed in the manner provided in the Bylaws and may thereafter be increased or decreased from time to time by amendment to or in the manner provided in the Bylaws; provided, however, that (i) the number of Directors shall in no event consist of less than three (3) Directors, (ii) no decrease in the number of Directors shall have the effect of shortening



the term of any incumbent Director, (iii) Developer shall have the right to elect all members of the Board of the Association as long as Developer owns any portion of the Subject Property and (iv) at such time as Developer no longer owns portion of the Subject Property or if, pursuant to the provisions of the Bylaws of the Association, Developer elects to relinquish all of the foregoing rights, then the members of the Association shall elect a new Board of the Association. Directors need not be owners of any portion of the Subject Property or residents of the State of Alabama. The names and addresses of each person who is to serve as an initial Director of the Association until their successors are elected and qualified or until such Directors are removed as provided in Article VIII (B) of these Articles of Incorporation are as follows:

Thomas H. Brigham, Jr.  
200 Union Hill Drive  
Birmingham, Alabama 35209

Joseph E. McKay  
One Riverchase Office Plaza  
Suite 200  
Birmingham, Alabama 35244

Hunter Williams  
200 Union Hill Drive  
Birmingham, Alabama 35209

B. **Removal.** For so long as Developer owns any portion of the Subject Property, Developer shall have the right at any time and from time to time to remove any Director, either with or without cause, and may appoint a successor to such removed Director or otherwise fill any vacancies on the Board, in each case without any consent or approve of any of the members. At such time as Developer no longer owns any portion of the Subject Property, the members of the Association shall have the right at any time and from time to time to remove any Director, either with or without cause, and may appoint a successor to such removed Director. Any vacancies which may thereafter arise on the Board shall be filled as provided in the Bylaws.

C. **Powers.** Except as may be otherwise provided to the contrary in any of the Protective Covenants, these Articles of Incorporation or the Bylaws of the Association, all powers of the Association shall be exercised by or under authority of, and the business and affairs of the Association shall be managed under the direction of, the Board.

D. **Conflicts of Interest.** No contract or other transaction between the Association and one or more of its Directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest. Any Director of the Association or any corporation, firm, association or entity of which any Director of the Association is a director or officer or is financially interested may be a party to, or may be

pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that such relationship or interest in such contract or transaction shall be disclosed or known to the Board at the meeting of the Board or a committee thereof which authorizes, approves or ratifies such contract or transaction and, if such fact shall be disclosed or known, any director so related or interested may be counted in determining a quorum at such meeting and may vote on such matter or action with the same force and effect as if he were not so related or interested. Any Director of the Association may vote on any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation. Notwithstanding anything provided to the contrary in these Articles of Incorporation of Incorporation or the Bylaws, Developer or an affiliate of Developer may be employed as the manager of the Association and the Subject Property for so long as Developer owns any Lot in the Subject Property.

## **ARTICLE IX INCORPORATORS**

The name and address of the incorporator is as follows:

Joseph E. McKay  
One Riverchase Office Plaza  
Suite 200  
Birmingham, Alabama 35244

## **ARTICLE X DISTRIBUTION OF ASSETS**

A. Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

1. Real property contributed to the Association without the receipt of other than nominal consideration by Developer shall be returned to Developer, unless it refuses to accept the conveyance (in whole or in part); and

2. Unless otherwise agreed to the contrary in the plan of distribution, all remaining assets shall be distributed among the members of the Association, as tenants in common, with each member's share of the assets to be determined in accordance with its voting rights.

B. Dissolution of the Association shall be accomplished as set forth in the Alabama Nonprofit Corporation Act.



## **ARTICLE XI**

### **POWERS OF OFFICERS**

The President and each Vice President of the Association shall each have authority to execute all instruments, documents and contracts on behalf of the Association.

## **ARTICLE XII**

### **INDEMNIFICATION**

A. 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 claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Association), by reason of the fact that he is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expense (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such claim, 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 interest of the Association; and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

B. 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 claim, action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate or wanton misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which court shall deem proper.

C. To the extent that a Director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding

referred to in Article XII(A) and (B) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expense (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

D. Any indemnification under Article XII(A) and (B) above (unless ordered by a court) shall be made by a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Article XII (A) or (B) above. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of Directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by a majority vote of the members of the Association.

E. Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in Article XII(D) above upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount if and to the extent that it shall be ultimately determined that he is not entitled to be indemnified by the Association as authorized in this Paragraph 11.

F. The indemnification authorized by this Article XII shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of these Articles of Incorporation, Bylaw, agreement, vote of members or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

G. The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article XII.

### **ARTICLE XIII** **AMENDMENT**

For so long as Developer owns any portion of the Subject Property, these Articles of Incorporation may be amended at any time and from time to time by Developer or by the vote of the Board, without the consent or approval of any of the members of the Association. At such

time as Developer no longer owns any portion of the Development, then these Articles of Incorporation may be amended, subject to the terms and provisions of the Protective Covenants, by the affirmative vote of fifty-one percent (51%) of the total votes in the Association.

IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed his name to these Articles of Incorporation as of this the 23<sup>rd</sup> day of July, 1998.



\_\_\_\_\_  
Joseph E. McKay,  
Incorporator



# State of Alabama

SHELBY County

## CERTIFICATE OF INCORPORATION

OF

LAKE FOREST RESIDENTIAL ASSOCIATION, INC.

The undersigned, as Judge of Probate of SHELBY County, State of Alabama, hereby certifies that duplicate originals of Articles of INCORPORATION of LAKE FOREST RESIDENTIAL ASSOCIATION, INC., duly signed and verified pursuant to the provisions of Section NON-PROFIT of the Alabama Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Judge of Probate, and by virtue of the authority vested in him by law, hereby issues this Certificate of INCORPORATION of LAKE FOREST RESIDENTIAL ASSOCIATION, INC., and attaches hereto a duplicate original of the Articles of INCORPORATION.

GIVEN Under My Hand and Official Seal on this the 27 day of

JULY, 19 98.

*Patricia George Schmieler*

Inst # 1998-28389  
Judge of Probate

07/27/1998-28389  
10:52 AM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
50.00