# DECLARATION OF CONDOMINIUM OF SOUTHLAKE MEDICAL BUILDING CONDOMINIUM

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Date: July 15, 2011

This instrument prepared by: Carol H. Stewart Melinda E. Sellers Burr & Forman LLP 3400 Wells Fargo Tower 420 North 20th Street Birmingham, Alabama 35203

#### DECLARATION OF CONDOMINIUM

#### SOUTHLAKE MEDICAL BUILDING CONDOMINIUM

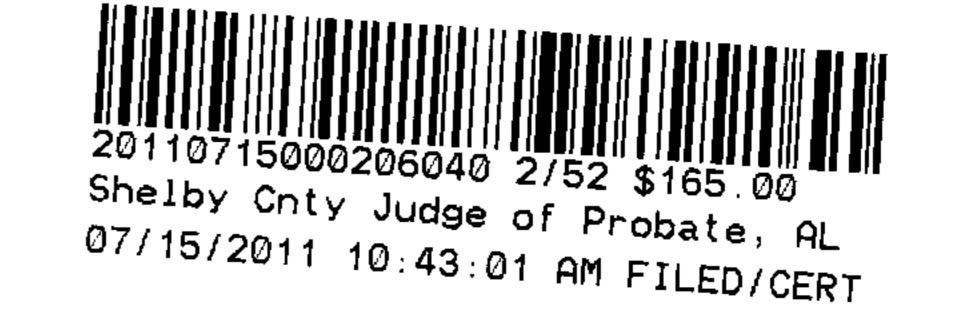
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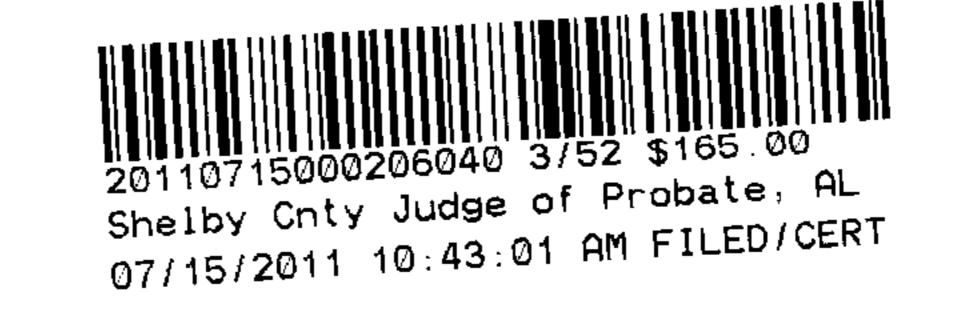
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#### **EXHIBITS**

Exhibit "A" Legal Description of Property

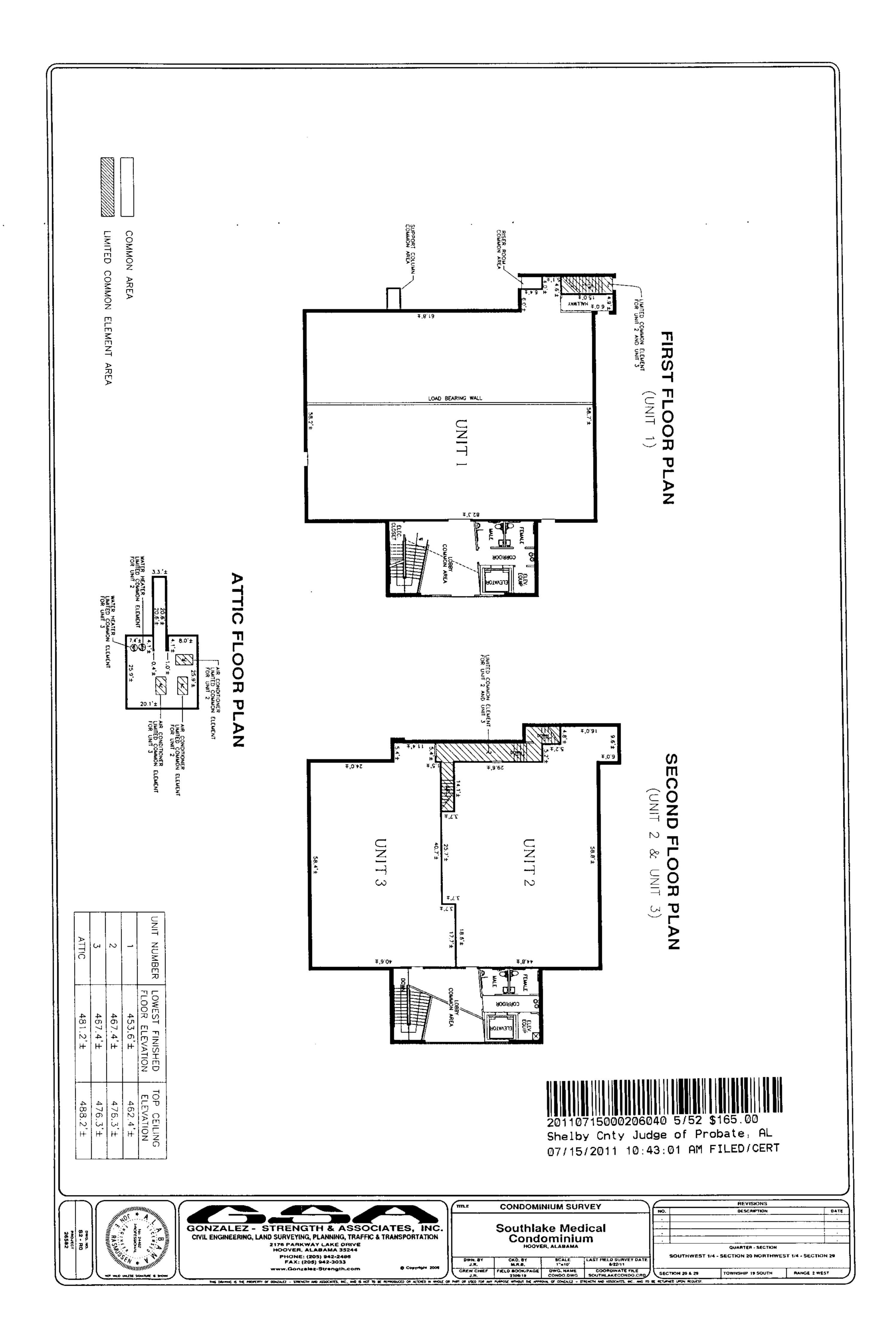
Exhibit "B" Bylaws of the Association

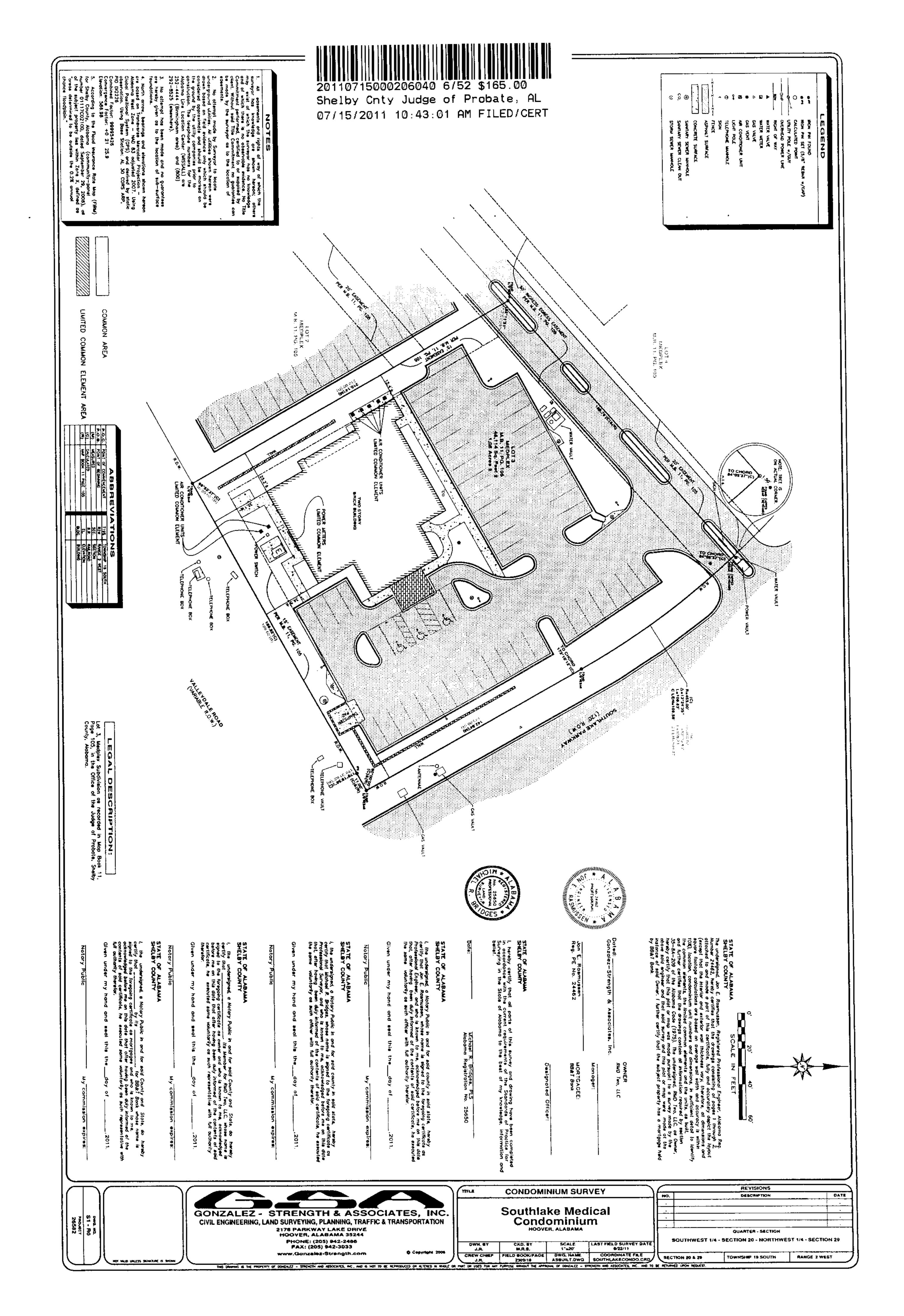
Exhibit "C" Plan of the Condominium

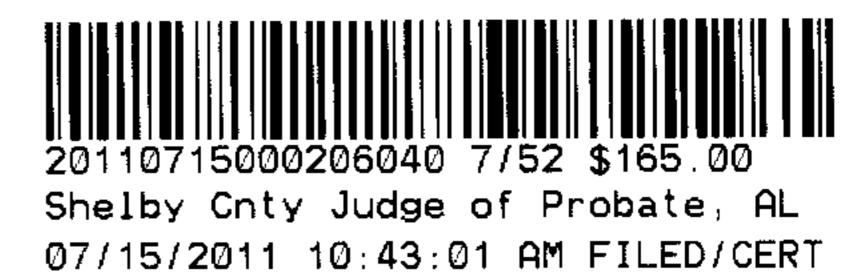
Exhibit "D" List of Units, Allocated Interests in Common Elements, and Votes Per Unit

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## DECLARATION OF CONDOMINIUM OF SOUTHLAKE MEDICAL BUILDING CONDOMINIUM

THIS DECLARATION is made this day of July, 2011, by RMD TWO, LLC, an Alabama limited liability company (the "Developer"), pursuant to the provisions of the Alabama Condominium Ownership Act, CODE OF ALABAMA 1975, §§ 35-8-1, et seq. (the "Act"), for the purpose of forming a condominium and establishing certain easements, covenants and restrictions to run with the land:

#### WITNESSETH:

WHEREAS, it is the desire and intention of the Developer, by recording this Declaration, to establish a condominium (as defined in the Act) to be known as SOUTHLAKE MEDICAL BUILDING CONDOMINIUM, under the provisions of the Act and to impose upon the real property covered hereby mutually beneficial restrictions under a general plan for the benefit of all of the Condominium Units contained therein and the Owners thereof;

NOW, THEREFORE, Developer, upon recording hereof, does submit that certain real property situated in the City of Birmingham, Shelby County, Alabama, more particularly described on Exhibit "A" attached to this Declaration, together with the improvements thereon, and owned by the Developer in fee simple absolute to the provisions of the Alabama Condominium Ownership Act to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, improved and in any other manner utilized subject to the provisions of said Act and subject to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium ownership and all of which shall run with the land and shall be binding on all parties (including Owners as hereinafter defined) having or acquiring any right, title or interest in said property or any part thereof, and shall be for the benefit of each Owner of any portion of the Property or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest to the Owners thereof.

#### **ARTICLE I**

#### **DEFINITIONS**

Section 1.01 Definitions. Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefor:

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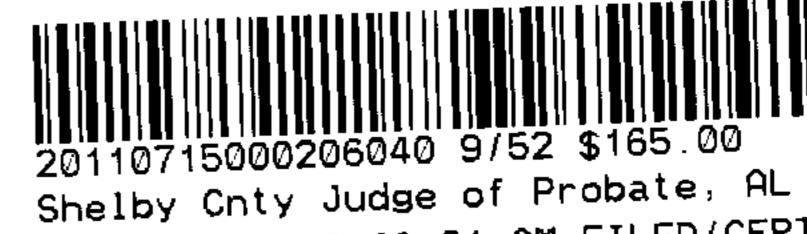
- "Act" shall mean the Alabama Condominium Ownership Act, CODE OF ALABAMA 1975, §§ 35-8-1, et seq.
- "Association" shall mean SOUTHLAKE MEDICAL BUILDING CONDOMINIUM ASSOCIATION, a nonprofit association organized pursuant to the Alabama Unincorporated Nonprofit Association Law, CODE OF ALABAMA 1975, §§ 10A-17-1.01, et seq., of which all Owners shall be members and which Association shall administer the operation, management, maintenance, control and administration of the Condominium Property.
- "Board of Directors" or "Board" shall mean the Board of Directors of the Association, elected pursuant to the Bylaws of the Association.
- "Bylaws" shall mean the set of Bylaws, a copy of which is attached hereto as Exhibit "B," recorded simultaneously with this Declaration, providing for the self-government of the Condominium Property, and such amendments thereto as may be recorded from time to time pursuant to the provisions of the Act.
  - "Common Elements" shall mean and include the following: (e)
    - The Land; (i)
  - The foundations and footings, bearing walls, perimeter walls, (11)structural slabs, columns, beams and supports;
  - The stairs, hallways and lobbies, elevator, greens, sidewalks, and (111)yards;
  - The compartments or installations of common central services such as power, light, electricity, gas, fire protection, security, cold and hot water, plumbing, sewer lines and the like, and all similar devices and installations existing for common use, but excluding all compartments or installations of utilities and services which exist for private use in the Units;
  - All easements, rights or appurtenances affecting or relating to the use of the Condominium Property; and
  - All other elements (other than Units) desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property.
- "Common Expenses" shall mean the expenses arising out of the ownership of the Common Elements for which the Owners are liable to the Association and shall include, but not be limited to, expenses of administration of the Condominium Property; expenses of insurance; expenses of maintenance, operation, repair, replacement, rehabilitation, restoration, renovation and betterment of the Common Elements and any portion of a Unit maintained by the Association; any valid charge

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against the Condominium Property as a whole; and expenses declared to be Common Expenses by the provisions of the Condominium Documents, as the same may be amended, from time to time, in accordance with the provisions thereof.

- "Condominium Documents" shall mean this Declaration of Condominium and all Exhibits hereto, and the Bylaws and the Articles of Association of the Association, as the same shall be amended from time to time.
- "Declaration of Condominium" or "Declaration" shall mean this (h) Declaration and all Exhibits hereto as it, from time to time, may be amended.
- "Developer" or "Declarant" shall mean RMD Two, LLC, an Alabama limited liability company, its successors and assigns, other than an Owner, who shall receive by assignment from the said Developer all, or a portion of their rights hereunder as such Developer, by an instrument expressly assigning such rights as Developer to such assignee.
- "Limited Common Elements" shall mean and include any area designated as Limited Common Elements on the Plan and any amendment to the Plan and any areas defined in the Act as Limited Common Areas. Should any Limited Common Element ever be determined not to be a Limited Common Element under the Act, the same shall be part of the Common Elements with an exclusive easement of use appurtenant to the Unit to which it was originally assigned as a Limited Common Element.
- "Member" shall mean a Unit Owner who by his ownership of a Unit is a Member of the Association.
  - "Mortgage" shall mean a first lien Mortgage on one or more Units. (l)
- "Mortgagee" shall mean a holder of a Mortgage who has given notice to the Association that it is the holder of a Mortgage affecting any Unit or any part of the Condominium Property as hereinafter provided.
- "Occupant" or "Occupants" shall mean a person or persons in (n) possession of a Unit, regardless of whether that person is the Unit Owner.
- "Owner" or "Unit Owner" shall mean and refer to every person or entity who is a record owner of a Unit including the holder of a tax deed.
- "Plan" or "Plat" shall mean the Plan showing the three (3) Units and the (p) Common Elements of the Condominium Property a copy of which is attached hereto as Exhibit "C," and made a part hereof for all purposes, as such Plan may from time to time be amended.
- "Property" or "Condominium Property" shall mean the real estate (q) described on Exhibit "A" attached hereto and all improvements and structures erected,



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constructed or contained therein or thereon, including all buildings, and all easements, rights and appurtenances belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Owners, submitted to the provisions of the Act under this Declaration, as amended from time to time.

- "Rules and Regulations" shall mean those Rules and Regulations adopted from time to time by the Board of Directors of the Association that are deemed necessary for the enjoyment of the Condominium Property, provided they are not in conflict with the Act or the Condominium Documents.
- "Unit" or "Condominium Unit" shall mean the parts of the Condominium Property as set forth in the Plan intended for the exclusive ownership and possession by an Owner, together with the undivided interest in the Common Elements and the Limited Common Elements, if any, assigned to each Unit as herein provided. Each Unit is identified in a diagrammatic floor plan of the floor on which the Unit is situated as shown on the Plan and shall consist of the volumes or cubicles of space which lie between the lower, upper and lateral or perimetrical boundaries described as follows:
  - Upper and Lower Boundaries: The upper and lower boundaries extended to their planer intersections with the perimetrical boundaries as follows:
    - The upper boundary shall be the plane of the upper surface of the material which constitutes the ceiling;
    - The lower boundary shall be the plane of the upper surface of the subflooring material which serves as the Unit's floor. Any floor covering such as carpeting, vinyl, hardwood or ceramic tile is part of the Unit.
  - Perimetrical Boundaries: The perimetrical boundaries shall be the (11)vertical planes of the exterior surfaces of the exterior windows and exterior doors, and the interior surfaces of the studs or raw walls of the perimeter wall of the Unit. All sheetrock, wall boards, including paint, wallpaper and light coverings, extended to their planer intersections with each other and with the upper and lower boundaries are part of the Unit.

Each Unit shall include all non-structural interior partition walls located within the boundaries of the Unit except such part as may comprise part of the Common Elements; the decorated surfaces of all boundary walls, ceilings and floors, including wallpaper, paint, interior brick surface, lathe, wallboard, plaster, carpeting, flooring and other finishing materials; all immediately visible fixtures, appliances, cabinets, and water and sewer pipes located within the boundaries of the Unit and serving only the Unit; and the mechanical systems and installations providing electrical power, telephone, cable, water, gas, sewer, heating and air conditioning service to the Unit, including the individual compressor even though such equipment may be located outside the boundaries of the Unit, provided that no pipes, wires, conduits, ducts, flues, shafts and other facilities situated within such Unit and forming a part of any system serving one or more other

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Units or the Common Elements shall be deemed to be a part of such Unit; and provided further that no bearing wall providing structural support and located within the boundaries of the Unit shall be deemed part of the Unit.

#### **ARTICLE II**

#### PROPERTY SUBJECT TO THIS DECLARATION

Section 2.01 Description of Improvements and Identification of Units. The Condominium Property shall consist of one two-story building with three commercial Units and certain Common Element improvements. A plat of the Condominium Property showing the boundaries of the Units, in sufficient detail to identify the Common Elements and each Unit and their relative locations and approximate dimensions are set forth in the Plan filed in the Office of the Judge of Probate of Shelby County, a copy of which is attached hereto as Exhibit "C".

Section 2.02 Amendment of Condominium Plan. Developer and Unit Owners reserve the right to change the design, size and arrangement of all Units, to alter the boundaries between Units and to increase or decrease the number of Units so long as the Developer and Unit Owners own the Units so altered. Changes in the boundaries between Units, as hereinbefore provided, shall be reflected by an amendment to the Plan, and if necessary, an amendment to this Declaration. An amendment to the Plan or the Declaration reflecting an alteration of the boundaries of the Units owned by Developer need be signed and acknowledged only by the Developer and/or any Unit Owners; provided, however, that any change which shall result in a change in the undivided interest in Common Elements or a change in the share of Common Expenses with respect to Owners of Units other than Developer at the time of such change or which shall result in the alteration of boundaries of Units may not be made without an amendment of this Declaration approved by the Owners and Mortgagees of the Unit so altered and so affiliated in the manner elsewhere required herein.

<u>Section 2.03</u> <u>Easements and Restrictions</u>. The Units and Common Elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established in the Condominium Documents governing the use of said Units and Common Elements in setting forth the obligations and responsibilities incident to ownership of each Unit and its appurtenant undivided interest in the Common Elements. Said Units and Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the Condominium Property.

- (a) <u>Utility Easements</u>. Utility easements are reserved throughout the whole of the Property, including Units, as may be required for utility services (including, without limitation, water, sewer, gas, electricity, telephone, internet service and cable television) in order to adequately serve the Condominium Property.
- (b) <u>Utility Equipment</u>. There may be utility equipment located on the Common Elements appurtenant to the Units. An easement is hereby reserved in favor of each Unit for the purpose of placement, maintenance, repair and replacement of said utility equipment by Developer and the Owners of the appurtenant Unit; provided that no utility equipment shall be placed in any part of the Common Elements other than the

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present location unless the written approval of the Association shall have first been obtained.

- Easements for Ingress and Egress. The Common Elements shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement of way over all roads, parking areas, walkways, halls, elevator, stairs and other Common Elements in favor of all Owners and the Developer for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended for the enjoyment of said Owners, subject to all restrictions in the Condominium Documents.
- Easement for Use of Leased or Acquired Property. Each Unit Owner shall have a nonexclusive easement for use of any property hereafter acquired by the Association for the common benefit of the Owners by purchase, lease or otherwise for all normal and proper purposes for which the same are reasonably intended, subject to all restrictions in the Condominium Documents and the Rules and Regulations.
- 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 Plan in the original 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 encroachment and/or the maintenance of the same, so long as the encroaching Unit or Common Element stands. A valid easement shall not relieve an Owner of liability for his or his 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 upon any Unit or of any Unit upon any other Unit or Common Elements resulting from such construction, reconstruction 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.
- Easements Appurtenant to Units. The easements 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 easements and rights as are herein provided even though no specific reference to such easements and rights appear in such instrument. The Owners do hereby designate the Developer and/or the Association as their lawful attorney-in-fact to execute any and all instruments on their behalf for the purpose of creating all such easements as are contemplated by the provisions hereof.

Section 2.04 Ownership of Common Elements. Each Owner shall own an undivided interest in the Common Elements with all other Owners, and, except as otherwise limited in this Declaration, shall have the right to use the Common Elements for all purposes incident to the use and occupancy of his Unit as herein provided, without hindering or encroaching upon the lawful

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rights of the other Owners, which rights shall be appurtenant to and run along with the Unit. The extent or amount of such ownership shall be expressed by a percentage relating to each Unit and shall remain constant, unless changed in accordance with the provisions of Section 2.02 hereof or by the unanimous approval of all Owners and Mortgagees. The percentage ownership in the Common Elements relating to each Unit is as set forth on Exhibit "D" attached hereto.

Section 2.05 Reallocations and Amendment. Upon the creation of additional units in the Condominium or the combining of any units in the Condominium, the share of undivided interest in the Common Elements and the share of liability for Common Expenses and the votes allocated to each Unit shall be reallocated. The Developer or the Association shall execute and record an amendment to the Declaration so that the reallocating the undivided interests in the Common Elements, the liabilities for Common Expenses and the votes in the Association.

#### **ARTICLE III**

### ORGANIZATION AND MANAGEMENT OF THE CONDOMINIUM PROPERTY

Section 3.01 Management of the Condominium Property. Operation and administration of the Condominium Property shall be performed by SOUTHLAKE MEDICAL BUILDING CONDOMINIUM ASSOCIATION, an Alabama unincorporated nonprofit association. The powers and duties of the Association shall include those set forth in the Act, the Alabama Unincorporated Nonprofit Association Law, CODE OF ALABAMA 1975, §§ 10A-17-1.01 et seq., this Declaration, the Articles of Association and the Bylaws of the Association.

Section 3.02 Members. The members of the Association shall consist of all record Owners of the Units. Change of membership in the Association shall be established by recording in the public records of Shelby County, Alabama, the deed or other instrument establishing record title to a Unit of the Condominium Property, and the delivery to the Association of a copy of such instrument, the Owner designated by such instrument thereby becoming a record Owner and a member of the Association. Membership of the prior Owner shall thereby be terminated. All present and future Owners, Occupants of the Units shall be subject to and shall comply with the provisions of the Declaration, the Bylaws and the Rules and Regulations, as the same may be amended from time to time. The votes for a Unit shall be cast by the record Owner thereof or, when permitted, the duly authorized proxy of the record Owner in the manner provided in the Bylaws. Each Unit Owner is entitled to the number of votes for each Unit owned by him as set forth in Exhibit "D" attached hereto.

Section 3.03 Bylaws. The Bylaws of the Association shall be in the form attached as Exhibit "B" to this Declaration, and may be amended from time to time as set forth therein.

#### **ARTICLE IV**

#### ASSESSMENTS

Section 4.01 Liability, Lien and Enforcement. The Association is given the authority to administer the operation and the management of the Condominium Property, it being

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recognized that the delegation of such duties to one entity is in the best interest of the Owners of all Units. To provide the funds necessary for such proper operation, the Association is hereby granted the right to make, levy, and collect annual assessments against the Owners of all Units to pay Common Expenses and such other expenses which the Association is authorized to incur under the terms and conditions of this Declaration. The Association is also authorized to make, collect and levy assessments against Unit Owners for reimbursement of expenses the Association is caused to incur by reason of any act of the Unit Owner, his family members, guests, invitees or tenants for damages of any nature and for penalties for rules violations. In furtherance of said grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Condominium Property, the following provisions shall be effective and binding upon the Owners of all Units.

#### Section 4.02 Assessments.

- All assessments for the payment of Common Expenses shall be levied annually against the Owners of all Units, and unless specifically otherwise provided for in this Declaration, each Owner of a Unit and his Unit shall bear the same percentage share of such assessment as the percentage share of ownership for the undivided interest in the Common Elements appurtenant to said Unit. The assessments for Common Expenses shall be payable as may be determined by the Board of Directors of the Association.
- The Association may assess the Owners of Units for the repair and maintenance of various components of the Common Elements based on the usage of any component of the Common Elements. Such assessments shall not be included in the assessment for Common Expenses, but shall be payable in such manner and at such times as may be determined by the Board of Directors of the Association.

Section 4.03 Omission of Assessment. The omission by the Association, before the expiration of any year, to fix the assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay assessments or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

Section 4.04 Detailed Records. The Association shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Owner, a Mortgagee, or his representative at convenient hours of weekdays in the county where the Condominium is located.

Section 4.05 Payment of Common Expenses by Unit Owners. All Unit Owners shall be obligated to pay any assessment for Common Expenses adopted by the Board of Directors pursuant to the terms of this Article IV. No Unit Owner may exempt himself from liability for his contribution 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

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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 up to the time of conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefor. Whenever any Unit may be sold or mortgaged by the Owner thereof, which sale shall be concluded only upon compliance with the other provisions of this Declaration, the Association upon written request of the Owner of such Unit shall furnish to the Owner, a statement verifying the status of the payment of any assessment which shall be due and payable to the Association by the Owner of such Unit. In the event that a Unit is to be sold or mortgaged when any assessment is outstanding against the Owner of such Unit and such assessment due the Association is in default, the purchase or mortgage proceeds shall first be applied by purchaser or Mortgagee to the payment of any delinquent assessment or installment due the Association before application of the payment to the selling Unit Owner.

#### Section 4.06 Default in Payment of Assessments.

The payment of any assessment or installment thereof due the Association shall be in default if such assessment or any installment thereof is not paid to the Association on or before the due date for such payment. Any assessments paid after the due date will be subject to a late fee in an amount set forth in the Rules and Regulations of the Association. When in default, the delinquent assessment or delinquent installment due the Association and any late fee shall bear interest at the maximum legal rate or eighteen percent (18%), whichever is greater, until such delinquent assessment or installment and all interest due thereon has been paid in full. The Association shall have a lien against Units for delinquent assessments. Said lien shall secure and does secure the monies due for all assessments then or thereafter levied against the Unit and the Owner of each Unit, and such lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing the Association. Said lien shall also secure all costs and expenses, including late penalties and reasonable attorneys' fees incurred by the Association in collecting delinquent assessments and enforcing the lien upon said Unit and its appurtenant undivided interest in the Common Elements. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages in the State of Alabama containing a power of sale provision, but the Association shall give reasonable advance notice of its proposed action to the Unit Owner, the Mortgagee and all other lienholders of record of the Unit. The lien granted to the Association shall further secure such advances for taxes and payment on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to protect and preserve its lien, and the Association shall further be entitled to interest at the maximum legal rate on judgments or eighteen percent (18%), whichever is greater, on any such advance made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit or who may be given or acquire a mortgage, lien or other encumbrance thereon are hereby placed on notice of the lien rights granted to the Association and shall acquire such interest in any Unit expressly subject to the lien.

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The lien herein granted to the Association shall be effective from and after (b) the time of recording in the Probate Office of Shelby County, Alabama, the Declaration of Condominium of Southlake Medical Building Condominium and no further recordation of any claim of lien for assessment under this section is required. Such lien shall include only assessments which are due and payable when the action to enforce the lien is commenced plus late penalties, and penalties imposed by the Association for Rules and Regulations violations, interest, costs, reasonable attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon and any other assessment that has been made against the Unit or Unit Owner, all as above provided.

Section 4.07 Election of Remedies. Institution of a suit at law to collect payment of any delinquent assessments shall not be deemed to be an election by the Association which shall prevent its thereafter seeking enforcement of the collection by foreclosure of any sums remaining owing to it. Nor shall proceeding by foreclosure to effect such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association. The Association shall be entitled to bid at any sale held in connection with the foreclosure of the assessment lien and may apply as a cash credit against its bid all sums secured by the lien enforced.

#### **ARTICLE V**

#### MAINTENANCE AND OPERATION OF THE CONDOMINIUM PROPERTY

Section 5.01 The Association's Obligation to Repair. 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:

- The Common Elements, which by definition excludes the sheetrock and surfaces of all non-load bearing walls, floors and ceilings located within a Unit;
- Incidental damage caused to a Unit by any work done by the Association; and
- Portions of the Units contributing to the support of the building, including outside walls and load bearing columns, excluding, however, wall and floor surfaces located within a Unit.

The Association shall be responsible for the maintenance, repair and replacement of the entrance doors, and windows of a Unit, the cost of which shall be charged to the Unit and Unit Owner to which said windows or doors being maintained repaired or replaced are a part by the Board of Directors.

This Section 5.01 shall not relieve a Unit Owner of liability for damage to the Common Elements, Limited Common Elements, a Unit of another person, adjacent property or any other property caused by the Unit Owner, his family members, guests, invitees, lessees or licensees as a consequence of the negligence, recklessness or willful misconduct of such person. The cost of

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repair for any damage so caused by the Unit Owner, his guests, invitees, lessees or licensees, shall be a special assessment against the Unit Owner responsible therefor.

#### Section 5.02 Each Owner's Obligation to Repair.

- Except for those portions of the Condominium Property which the Association is required to maintain and repair, each Owner shall, at such Owner's expense, maintain the property attributable to his Unit in good tenantable condition and repair, and shall be responsible for the repair, maintenance and replacement of all portions of the Unit:
  - The fixtures and equipment in his Unit, including all appliances within the Unit; drains, sinks, plumbing and plumbing fixtures and connections within the Unit; electrical panels, wiring, outlets and electric fixtures within the Unit; interior doors, window frames, and glass; all wall coverings including paint, wallpaper and light coverings; and all floor coverings including carpeting, vinyl and ceramic tile within the Unit.
  - The plumbing, heating, air conditioning and electrical systems (11)serving only that Unit, whether located within or without the boundary of that Unit, including the fuse boxes, wiring, flues, and all other plumbing, electrical, 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.
  - Each Unit Owner agrees as follows:
  - To perform all maintenance, repairs and replacements which are his obligations under subparagraph (a) of this Section 5.02;
  - To pay all utilities as herein provided and all taxes levied against (11)his Unit;
  - Not to make, or cause to be made, repairs to any plumbing, heating, ventilation or air conditioning systems located outside his Unit but required to be maintained by him under subparagraph 5.02(a)(ii) except by licensed plumbers or electricians authorized to do such work by the Association or its delegate;
  - Not to make any addition or alteration to his Unit or to the Common Elements or Limited Common Elements or to do any act that would impair the structural soundness, safety or overall design scheme of any part of the Condominium Property or that would impair any easement or right of a Unit Owner without the prior written consent of the Association and all Unit Owners affected thereby;

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- (v) Not to make any alteration, addition, improvement, decoration, repair, replacement or change to the Common Elements, Limited Common Elements, or to any outside or exterior portion of the Unit, excluding any alteration or additions made pursuant to the procedure described in subparagraph (iv) above and including, but not limited to, altering in any way exterior doors, affixing outshutters to windows or painting any part of the exterior part of his Unit, without the prior written consent of the Board of Directors; provided that if such 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 and the Unit Owner shall be liable for all damages to another Unit or to the Common Elements or Limited 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;
- (vi) To have power on in each Unit, and to maintain a minimum temperature of fifty degrees (50°) Fahrenheit and a maximum temperature of eighty degrees (80°) Fahrenheit; and
- (vii) To promptly report to the Association any defects or needed repairs for which the Association is responsible.
- (c) The Association shall be obligated to answer any request by a Unit Owner for any required approval of a proposed addition, alteration or improvement (by painting or otherwise) within forty-five (45) days after such request, but its failure to do so within the stipulated time shall not constitute a consent of the Association 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 Unit Owner. The Association shall have the power to review all improvements; such review is for purposes of aesthetics and control only. The provisions of this section shall not apply to Units owned by the Developer until a deed for such Unit has been delivered to an Owner other than Developer.

Section 5.03 Alterations, Additions and Improvements by the Association. Except in the case of loss or damage to the Common Elements as contemplated by Article VIII of the Declaration, the Association shall not make any material structural alterations, capital additions or capital improvements to the Common Elements (other than for the purpose of replacing, restoring or rehabilitating portions of the Common Elements which is in accordance with the Declaration and which does not require expenditures of more than \$10,000, exclusive of any funds applied from the reserves maintained hereunder) unless the same is authorized by the Board of Directors of the Association and ratified by the affirmative vote of the voting members casting not less than seventy-five percent (75%) of the total votes of the members of the Association present at any regular or special meeting of the Unit Owners called for that purpose at which a quorum is present and approved by a majority of the Mortgagees eligible to vote therefor. The cost of the foregoing shall be assessed against the Owners of Units as provided in Article IV hereof except as otherwise provided in this Section 5.03. Where any alterations or

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additions as aforesaid are exclusively or substantially exclusively for the benefit of the Unit Owners requesting the same, then the cost of such alterations or additions shall be assessed against and collected solely from the Unit Owners exclusively, or substantially exclusively, benefiting therefrom, and the assessment shall be levied in such proportions as may be determined to be fair and equitable by the Board of Directors of the Association. Where such alterations or additions exclusively, or substantially exclusively, benefit Unit Owners requesting the same, said alterations and additions shall be made only when authorized by the Board of Directors and ratified by not less than one-hundred percent (100%) of the total votes of the Unit Owners exclusively, or substantially exclusively, benefiting therefrom. Alterations, improvements or repairs of an emergency nature may be made upon authorization by a vote of the majority of the Directors available for consultation if the same is necessary and in the best interest of the Unit Owners.

Section 5.04 Utilities. Each Unit Owner shall be required to pay all charges for utilities and utility deposits; including electricity, gas, water, cable television, and telephone service, used or consumed in his Unit or as determined by any agreement between or among the Unit Owners. The utilities serving the Common Elements only, if any, shall be separately metered and paid by the Association as a Common Expense. The Association shall have authority, but not the obligation, to pay the cost of any utilities not separately metered and used or consumed in the Units and have the costs thereof apportioned among the Units based upon the Common Expense liability, use of the utility, or any other formula the Association may deem appropriate.

#### **ARTICLE VI**

## RESTRICTIONS ON USE OF UNITS, COMMON ELEMENTS

Section 6.01 Rules and Regulations of the Association. The Association is authorized to promulgate, amend and enforce Rules and Regulations concerning the operation and use of the Condominium; provided that such Rules and Regulations are not contrary to or inconsistent with the Act and the Condominium Documents. A copy of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time they become effective. All present and future Unit Owners, tenants, and Occupants of the Units and any person who uses any part of the Condominium Property in any manner, are subject to, and shall comply with the provisions of the Condominium Documents and the Rules and Regulations. The acquisition, rental or occupancy of a Unit or the use of any part of the Condominium Property by any one person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Documents and the Rules and Regulations, and such provisions shall be deemed to be enforceable as 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. The Association may promulgate enforcement provisions for violation of any Rule or Regulation by a Member, his guests, invitees, lessees or tenants, including the payment of penalties for such violations.

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Section 6.02 Restrictions on Use. The use of the Condominium Property is subject to the following restrictions:

- Unless a different use is designated for a Unit in the Plan, each Unit is hereby restricted to and can only be used for general business and professional office or medical related uses.
- There shall be no obstruction of the Common Elements, nor shall anything (b) be kept or stored in the Common Elements, nor shall anything be constructed on or planted in or removed from the Common Elements, nor shall the Common Elements in any other way be altered without the prior written consent of the Association.
- No immoral, improper, offensive or unlawful use shall be made of any Unit or Common Elements or any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction over the Condominium Property shall be observed.
- No Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in any increase of fire or hazard insurance premiums or the cancellation of insurance on any part of the Condominium Property, or which would be in violation of any law. No waste shall be committed to the Common Elements.
- No noxious or offensive activities shall be carried on, nor shall any outside lighting or sound speakers or other sound producing devices be used, nor shall anything be done, on any part of the Condominium Property which in the judgment of the Board of Directors of the Association may be or become an unreasonable annoyance or nuisance to the other Owners.

Section 6.03 Right of Access. Each Unit Owner grants a right of access to his Unit to the Association, and any other person authorized by the Association for the purpose of making inspections and for the purpose of correcting any condition originating in his Unit and threatening other Units or Common Elements or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements on 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 Documents, provided that requests for entry are made in advance and that 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. To the extent that damages are inflicted on the Common Elements or any Unit through which access is taken, the Unit Owner or the Association, if it caused the same, shall be liable for the prompt repair thereof.

Section 6.04 Limitation of Liability. The Association shall not be liable for any failure of water or power supply, gas, telephone, security, fire protection or other service 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 sewer lines servicing the Condominium Property, or for injury or damage to a person or property caused by the natural elements or

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20110715000206040 20/52 \$165.00 Shelby Cnty Judge of Probate, AL 07/15/2011 10:43:01 AM FILED/CERT 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 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 the 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 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 or judicial authority or for the dispossession of the Unit Owner by reason of fire or other casualty, except to the extent covered by insurance.

Section 6.05 Abatement of Violations. The violation of any Rule or Regulation adopted by the Board of Directors of the Association or breach of the provisions of the Condominium Documents, shall give the Developer, the Association or any Unit Owner the right, in addition to any other right or remedy elsewhere available, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. All expenses of such actions or proceedings against a defaulting Unit Owner, including court costs, attorneys fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest lawful rate on judgments until paid, shall be charged to and assessed against such defaulting Owner, and the Association shall have a lien for all of the same upon the Unit of such defaulting Owner, upon all of his additions and improvements thereto and a security interest under the Alabama Uniform Commercial Code upon all of his personal property in his Unit or located elsewhere on the Condominium Property. Nothing herein contained shall prevent an Owner from maintaining such an action or proceeding against the Association and the expense of any action to remedy a default of the Association shall be a Common Expense if a court of competent jurisdiction finds the Association to be in default as alleged in such action or proceeding.

<u>No Waiver.</u> Failure of the Association to Insist on Strict Performance; No Waiver. Failure of the Association to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment from the future performance of such term, covenant, condition or restriction but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Association of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed to be a waiver of such breach and no waiver by the Association of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors of the Association.

#### **ARTICLE VII**

#### RIGHTS OF MORTGAGEES

Section 7.01 Notification of Mortgagees Required. Any Mortgagee shall have the right to be given written notification by the Association of (a) any sixty (60) day default by the Owner of the Unit covered by the Mortgage in the payment of assessments or in any other

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provision of the Condominium Documents; (b) any loss to or taking of the Common Elements if such loss or taking exceeds \$10,000; (c) damage to a Unit covered by the Mortgage if the amount of such damage exceeds \$1,000; (d) any condemnation of all or a portion of the Condominium Property; (e) a lapse or cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (f) any proposed action that requires the consent of a specified percentage of Mortgagees if such Mortgagee has given notice to the Association of its interest in the Condominium.

<u>Section 7.02</u> <u>Right of Inspection</u>. Mortgagees shall have the right to examine the books and records of the Association or the Condominium Property and to receive annual reports, other financial data, and, upon request, an annual reviewed statement, within ninety (90) days following the end of any fiscal year of the Association.

#### Section 7.03 Priority of Mortgagees.

(a) Any lien which is or may be created hereunder upon any Unit, including, but not limited to, the lien created for assessments under Section 4.06 hereof and the right to foreclose the same is and shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by any Mortgage upon such interest made in good faith and for value and recorded prior to the creation of the lien hereunder, provided that after the foreclosure of any such mortgage there may be a lien created pursuant to Section 4.06 hereof on the interest of the purchaser as an Owner after the date of such foreclosure sale to secure all assessments hereunder. After the date of such foreclosure sale, said lien, if any, shall be claimed and shall have the same effect and be enforced in the same manner provided herein.

Notwithstanding the above, the lien created pursuant to Section 4.06 hereof is prior to any Mortgage to the extent of the Common Expense assessments based on the annual budget which would have become due in absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien or the lien of the Mortgage.

- (b) No provision of this Declaration, the Articles, the Bylaws or the Rules and Regulations shall be construed to grant to any Unit Owner, or to any other party any priority over any rights of the Mortgagees of the Units pursuant to their Mortgages in the case of distribution to Unit Owners of the insurance proceeds or condemnation awards for losses or a taking of Units or the Common Elements or any portion thereof.
- (c) As provided in the Act, all assessments, property taxes and other charges imposed by any taxing authority which may become liens prior to a Mortgage, shall be separately assessed against and collected on each Unit as a single parcel, and not on the Condominium Property as a whole.
- (d) No breach of the covenants, conditions or restrictions herein contained shall defeat or render invalid the lien of any Mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or otherwise.

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Section 7.04 Request for Protection by Mortgagees. Whenever the holder of any Mortgage desires the benefit of the provisions of this Article VII to be applicable to it, it shall serve written notice of such fact upon the Association, by registered or certified mail, addressed to the Association, and actually mailed to its address stated herein, identifying the Unit upon which it holds a Mortgage or identifying any Units owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it. Said notice shall designate the place to which the notices are to be given by the Association to such Mortgagee. Should the Association send notice of any action requiring the affirmative vote of the Mortgagee, and the Mortgagee shall not respond within thirty (30) days from notice of such right, the Mortgagee shall be deemed to have given its implied consent to such action.

#### **ARTICLE VIII**

#### CASUALTY LOSS AND INSURANCE

#### Section 8.01 Responsibility of Owners; Separate Insurance Coverage.

- The Owner of each Unit may, at his expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects, files, records, inventory, equipment, or machinery and other property belonging to such Owner, and shall, at his expense, obtain insurance coverage against personal liability for injury to the person or property of another while within such Owner's Unit or upon the Common Elements in an amount not less than \$1,000,000.00 per occurrence. Risk of loss of or damage to any furniture, furnishings, files, records, equipment, inventory and personal property belonging to or carried on the person of the Owner, or which may be stored in any Unit, or in or upon Common Elements shall be borne by the Owner of each Unit. All furniture, furnishings, files, records, equipment and personal property constituting a portion of the Common Elements and held for the joint use and benefit of all Owners of Units shall be covered by such insurance as shall be maintained in full force and effect by the Association as hereinafter provided. All insurance obtained by the Owner of each Unit shall, whenever such provisions shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners, the Association or Developer, and their respective servants, agents, employees and guests.
- (b) The Unit Owners are required to name the Association as an additional insured on any policy purchased by each Unit Owner.
- <u>Section 8.02</u> <u>Insurance to be Maintained by the Association</u>. The Association shall purchase any insurance that the Unit Owners determine is necessary, the cost of which shall be Common Expense.
  - (a) <u>Hazard Insurance</u>. The Association shall obtain and maintain at all times a policy or policies of multi-peril type hazard insurance, including insurance for such other risks of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use, insuring the Condominium Property against loss or damage by the perils of fire, lightning, water damage and those perils contained in extended coverage, vandalism and

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malicious mischief endorsements, and if the Condominium Property is located in an area identified by the Federal Emergency Management Association as having special flood hazards, the Board shall, to the extent obtainable, insure the insurable property included in the Condominium Property against the perils of flood under the National Flood Insurance Act of 1968 and acts amendatory thereto. The amount of insurance coverage shall be determined on a replacement cost basis in an amount not less than one-hundred percent (100%) of the then current replacement cost of the improvements which constitute the Condominium Property, including the Common Elements, Limited Common Elements and the Units as purchased by the Unit Owners (but excluding land, foundations, excavations and other items usually excluded from such insurance coverage). Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association or the Insurance Trustee (hereinafter defined), as trustee for the use and benefit of the individual Owners (without naming them) in the proportionate shares equal to their respective percentage ownership of the Common Elements. Periodically, prior to the renewal of any such policy or policies of insurance, the Association should obtain an opinion or an appraisal from a qualified appraiser for the purpose of determining the full replacement cost of the Common Elements and the Units for the amount of insurance to be obtained pursuant hereto. The cost of any such opinion or appraisal shall be a Common Expense. All such policies of insurance shall comply with the provisions of Section 8.03 hereof and shall (i) contain standard mortgagee clause endorsements in favor of the Mortgagee or Mortgagees of each Unit, if any, as their respective interest may appear; and (ii) provide that the insurance shall not be invalidated by any act or neglect of any Owner or Occupant.

- (b) <u>Public Liability and Property Damage Insurance</u>. The Association shall obtain and maintain at all times a comprehensive policy or policies of public liability and property damage insurance in such amount (but not less than \$1,000,000) and in such form as shall be required by the Association to protect said Association and the Owners of all Units which provide coverage for bodily injury and property damage resulting from the operation, maintenance or use of the Common Elements and Limited Common Elements and for legal liability resulting from employment contracts to which the Association is a party.
- (c) <u>Workmen's Compensation Insurance</u>. The Association shall obtain and maintain at all times a policy or policies of workmen's compensation insurance to meet the requirements of the laws of the State of Alabama.
- (d) <u>Fidelity Bonds</u>. The Association may require fidelity bonds for any person who either handles or is responsible for funds held or administered by the Association naming the Association as the obligee. The amount of the fidelity bond should cover the maximum funds that will be in the custody of the Association, but not less than the sum of three months' assessments on all Units plus the reserve funds of the Association.
- (e) Other Insurance. The Association shall obtain and maintain such other insurance coverage as the Board of Directors of the Association, in its sole discretion,

20110715000206040 24/52 \$165.00 Shelby Cnty Judge of Probate, AL 07/15/2011 10:43:01 AM FILED/CERT may determine from time to time to be in the best interest of the Association and the Owners of all Units.

Section 8.03 Governing Provisions. All insurance obtained and maintained by the Association as provided in Section 8.02 above shall be governed by the following provisions:

- (a) Exclusive authority to adjust all claims under the policies hereafter in force on the Condominium Property shall be vested in the Association or its authorized representatives.
- (b) The Association shall be required to make every effort to secure insurance policies that will provide for the following:
  - (i) A waiver of subrogation by the insurer as to any claims against the Association, the Board of Directors, the Developer or the Owners;
  - (ii) An agreement by the insurer that the insurance coverage cannot be terminated or materially changed without thirty (30) days prior written notice to the Association and the Mortgagee of each Unit;
  - (iii) The insurance coverage will be primary, even if a Unit Owner has other insurance that covers the same loss; and
  - (iv) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

<u>Section 8.04</u> <u>Premiums.</u> Premiums for any insurance policy purchased by the Association shall be paid by the Association as a Common Expense; except that the amount of increase over the usual premium occasioned by the use, misuse, occupancy or abandonment of a Unit or its appurtenances or of the Common Elements by an Owner shall be assessed against that Owner.

Section 8.05 Loss to Common Elements Only. In the event of the loss of or damage to only Common Elements, real or personal, by reason of fire or other casualties, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the Association or the Insurance Trustee, as the case may be, to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such Common Elements, then such excess insurance proceeds shall be paid by the Insurance Trustee to the Owners of all Units, the distribution to be separately made to the Owner of each Unit and his respective Mortgagee, as their interests may appear, in such proportion that the share of such excess insurance proceeds paid to the Owner of each Unit and his Mortgagee shall bear the same ratio to the total excess insurance proceeds as the undivided interest in the Common Elements appurtenant to each Unit bears to the total undivided interest in the Common Elements appurtenant to all Units. If there is no insurance coverage for such loss or damage, or if it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the Association or the Insurance Trustee

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are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Association shall pay, or shall deposit with the Insurance Trustee, as the case may be, a sum, which together with the insurance proceeds received or to be received, if any, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be so paid, or deposited by the Association with the Insurance Trustee, may be paid by the Association out of its reserve for replacement fund and if the amount in such reserve for replacement fund is not sufficient, or if the Board of Directors determines not to use such fund for said purpose, then the Association shall levy and collect an assessment against the Owners of all Units in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

Section 8.06 Loss to Common Elements and/or Units. In the event of loss of or damage to Common Elements and/or any Unit by reason of fire or other casualty, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the Association to cover such loss or damage, shall be first applied to the repair, replacement or reconstruction of the Common Elements and any remaining insurance proceeds shall be applied to the repair, replacement of the Units which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of the Common Elements and the Units sustaining any loss or damage, then such excess insurance proceeds shall be paid and distributed by the Association to the Owners of all Units, and to their Mortgagees, as their respective interests may appear. Such distributions are to be made in the manner and in the proportions as are provided for the distribution of insurance proceeds under Section 8.05 above. If there is no insurance coverage for such loss or damage, or if it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the Association, as the case may be, are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be sufficient, then the Board of Directors of the Association shall, based on reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement or reconstruction between the Common Elements and the Units sustaining any loss or damage. If the proceeds of said fire and casualty insurance, if any, are sufficient to pay for the repair, replacement or reconstruction of any loss of or damage to the Common Elements, but are not sufficient to repair, replace or reconstruct any loss of or damage to the Units sustaining damage, then the Association shall levy and collect an assessment from the respective Owners of the Units sustaining any loss or damage, and the assessment so collected from said Owners shall be deposited with the Association so that the sum on deposit shall be sufficient to completely pay for the repair, replacement or reconstruction of all Common Elements if any, and the Units. In said latter event, the assessment to be levied and collected from the Owner of each Unit sustaining loss or damage shall be apportioned between such Owners in such manner that the assessment levied against each Owner of a Unit shall bear the same proportion to the total assessment levied against all of said Owners of Units sustaining loss or damage as the cost of repair, replacement or reconstruction of each Owner's Unit bears to the cost applicable to all of said Unit sustaining loss or damage. If the fire and casualty insurance proceeds, if any, payable to the Association or the Insurance Trustee are not an amount which will pay for the complete repair, replacement or reconstruction of the Common Elements, it being recognized that such insurance proceeds are to be first applied to the payment for repair,

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replacement or reconstruction of said Common Elements before being applied to the repair, replacement or reconstruction of any Unit sustaining loss or damage, then the cost to repair, replace, or reconstruct said Common Elements in excess of available fire and casualty insurance proceeds shall be levied and collected as an assessment from the Owners of all Units in the same manner as would be levied and collected had the loss or damage sustained been solely to the Common Elements and the fire and casualty insurance proceeds been not sufficient to cover the cost of repair, replacement or reconstruction. The cost of repair, replacement or reconstruction each Unit sustaining loss or damage shall then be levied and collected by assessment of the Owners of the Unit sustaining the loss or damage in the same manner as is above provided for the apportionment of such assessment between Owners of the Units sustaining loss or damage.

Section 8.07 Estimates of Repair; Plans and Specifications; Payment of Assessments. In the event of loss or damage to Condominium Property, the Association shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost of restoring damaged property to a condition as good as that which prevailed before such loss or damage. The estimate of repair shall be based upon the plans and specifications of the original Property, as reflected on Exhibit "C" to this Declaration as the same may from time to time be amended, or such other plans and specifications as may be approved by the Board of Directors of the Association, by all of the Owners of the damaged Units, and by not less than one hundred percent (100%) of the Owners of all Units including the Owners of damaged Units. The Association shall be appointed as attorney-in-fact for each Unit Owner for the purpose of representing the Unit Owners in any proceeding, negotiation, settlement, or agreement arising from any loss or damage to the Condominium Property. Such estimates are to contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors of the Association may deem to be in the best interest of the membership of said Association. Whenever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of repair, replacement or reconstruction thereof, the additional money required to completely pay for such repair, replacement or reconstruction of said loss or damage whether to be paid by all of the Owners of Units or only by the Owners of Units sustaining loss or damage, or both, as herein provided, shall be paid to the Association and deposited with the Insurance Trustee, if any, not later than thirty (30) days from the date on which the Association or the Insurance Trustee, as the case may be, shall receive the monies payable from the policies of fire and casualty insurance.

#### **ARTICLE IX**

#### CONDEMNATION OR EMINENT DOMAIN

Section 9.01 Condemnation Considered a Casualty Loss. The taking of a portion of a Unit, the Common Elements or the Limited Common Elements by eminent domain shall be deemed to be a casualty loss, and except as otherwise provided in Section 9.02 below, the awards for such taking shall be deemed to be proceeds from insurance on account of the casualty and shall be applied and distributed by the Association in accordance with the provisions of Article VIII. Even though the awards may be payable to the Owners, the Owners shall deposit the awards with the Association; and in the event of failure to do so, in the discretion of the Board of Directors of the Association, a special assessment shall be made against a defaulting

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Owner in the amount of his award, or the amount of such award shall be set off against the sums hereinafter made payable to such Owner. If any Unit or portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Mortgagee of such Unit shall be entitled to timely written notice of any such proceeding or proposed acquisition as provided in Section 7.01, and no provision hereof shall entitle the Owner of such Unit or other party to priority over such Mortgagee with respect to the distribution of any award or settlement to the Owner of the Unit.

Section 9.02 Partial Condemnation. In the event that the Condominium Property is not to be terminated and one or more Units are taken in part, the taking shall have the following effects:

- If the taking reduces the size of a Unit and the remaining portion of that Unit can be made tenantable, the award for the taking for a portion of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium Property:
  - The Unit shall be made tenantable and if the cost of such work exceeds the amount of the award, the additional funds shall be assessed against the Owner of the Unit.
  - The balance of the award, if any, shall be distributed to the Owner (11)of the Unit and the Mortgagee of the Unit, as their respective interests may appear.
  - If there is a balance of the award distributed to the Owner and the Mortgagee, the share of the Common Elements or Limited Common Elements, if any, appurtenant to the Unit shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the Unit immediately prior to the taking, and then recomputing the shares of all Owners in the Common Elements as percentages of the total of their shares as reduced by the taking.
- If the taking destroys or so reduces the size of a Unit so that it may not be made tenantable, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium Property:
  - The market value of such Unit immediately prior to the taking, shall be paid to the Owner of the Unit and to each Mortgagee of the Unit, as their respective interests may appear.
  - The remaining portion of such Unit, if any, shall become a part of the Common Elements and shall be placed in condition for use by all of the Owners, in the manner approved by the Board of Directors of the Association; provided, however, that if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner

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Southlake Medical / Declaration of Condominium

required for further improvement of the Common Elements under Section 5.03 above.

- The shares in the Common Elements appurtenant to the Units which continue as a part of the Condominium Property shall be equitably adjusted to distribute the ownership to the Common Elements among the reduced number of Owners. This shall be done by recomputing the shares of such continuing Owners in the Common Elements as percentages of the total of the shares of such Owners as they exist prior to the adjustment.
- If the amount of the award for taking is not sufficient to pay the market value of the condemned Unit to the Owner and to restore the remaining portion of the Unit in condition for use as a part of the Common Elements, the additional funds required for such purposes shall be raised by assessments against all of the Owners who will continue as Owners of the Units after the changes in the Condominium Property affected by the taking. Such assessment shall be made in proportion to the share of such Owners in the Common Elements after the changes affected by the taking.
- If the market value of a Unit prior to the taking cannot be determined by agreement between the Owner and the Mortgagee and the Association within thirty (30) days after notice by any such party that agreement cannot be reached, such value shall be determined by three independent qualified appraisers with one (1) appraiser to be selected by the Association, one (1) appraiser to be selected by the Owner and Mortgagee, and the third appraiser to be selected by the two (2) appraisers so appointed, and the fair market value of the Unit shall be deemed to be the average of the two appraisals of the fair market value of the Unit made by said appraisers having the least difference in amount. The cost of such appraisal shall be assessed against all Owners in the shares of the Owners in the Common Elements as they existed prior to the changes affected by the taking.
- Changes in the Units, in the ownership of the Common Elements and the assignment of Limited Common Elements, and in the share of liability for Common Expenses and Limited Common Expenses which are affected by eminent domain, shall be evidenced by an amendment of this Declaration which needs be approved only by a majority of the Board of Directors of the Association.

Section 9.03 Association Appointed As Attorney-In-Fact for Unit Owners. The Association shall be appointed as attorney-in-fact for each Unit Owner for the purpose of representing such Unit Owners in any proceeding, negotiation, settlement or agreement arising from the condemnation or taking by eminent domain of the Condominium Property or any portion thereof.

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#### **ARTICLE X**

#### **TERMINATION**

Section 10.01 Termination by Consent. This Declaration and said plan of condominium ownership may only be terminated by the consent of one hundred percent (100%) of the Owners of all Units and all parties holding Mortgages, liens or other encumbrances, against any of said Units, in which event the termination of the Condominium Property shall be by such plans as may be then unanimously adopted by said Owners and parties holding any Mortgages, liens, or other encumbrances. Such election to terminate this Declaration and the plan of condominium ownership established herein shall be evidenced by a termination agreement executed in writing by all of the aforesaid parties in recordable form, and such instrument shall be recorded in the Probate Office of Shelby County, Alabama.

Section 10.02 The Association Appointed as Attorney-In-Fact for Unit Owners. The Association shall be appointed as attorney-in-fact for each Unit Owner for the purpose of representing such Unit Owners in any proceeding, negotiation, settlement or agreement arising from the termination of this Declaration and plan of condominium ownership established herein.

#### **ARTICLE XI**

#### **AMENDMENT**

Section 11.01 Amendments by Unit Owners. The Declaration may be amended in the following manner:

- (a) A proposal to amend this Declaration may be considered at any meeting of the members of the Association called for that purpose in accordance with the provisions of the Bylaws; provided that the Association provides prior written notice of such meeting to the Mortgagees as provided in Section 7.01 above. The proposal to amend the Declaration must be approved by the affirmative vote of the members representing not less than seventy-five percent (75%) of the total allocated votes of the Association and by the affirmative vote of the Mortgagees representing fifty percent (50%) of the total allocated votes of the Units subject to Mortgages.
- (b) Notwithstanding the foregoing, no amendment to the Declaration under this Article XI shall: change a Unit, including the ownership in Common Elements, responsibility for Common Expenses and voting rights, without the prior written approval of the Unit Owner or Unit Owners so affected and prior written approval of the holders of record of any Mortgage on the Unit or Units so affected.
- (c) Developer reserves the right to amend this Declaration at any time to correct any scrivener's errors or to assign or reassign any Limited Common Elements.

Section 11.02 Effectiveness of Amendments. A copy of each amendment so adopted shall be certified by the President or a Vice President and Secretary or Assistant Secretary of the

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Association as having been duly adopted, and shall be effective when recorded in the Probate Court of Shelby County, Alabama.

#### **ARTICLE XII**

#### CONTROL OF THE ASSOCIATION

<u>Section 12.01</u> <u>Election of Board of Directors</u>. RMD TWO, LLC, an Alabama limited liability company (the "Developer"), its successors and assigns, may control the Association by appointing and removing officers and members of the Board for the first year after creation of the Association. Thereafter, the Board of Directors shall call and give not less than ten (10), nor more than thirty (30), days' notice to the membership of a meeting for the purpose of electing the members of the Board of Directors.

Section 12.02 Notice of Meeting. Within thirty (30) days before the date of termination of control of the Association by the Developer, the Association shall call and give not less than ten (10) days nor more than thirty (30) days' notice of a meeting of the Unit Owners for the purpose of electing the members of the Board of Directors of the Association. Such meeting shall be called and the notice given in accordance with the Bylaws.

#### Section 12.03 Status of Unsold Units.

- (a) Developer shall be deemed to be the Owner of each Unit which has not been conveyed to a person other than the Developer. Unless otherwise provided in the Condominium Documents, the Developer shall be entitled to all rights and privileges available to, and shall be subject to any and all obligations and duties imposed upon, the Owner of any such Unit under the Condominium Documents.
- (b) Any person having a first mortgage lien against any Unit which has not been conveyed to a person other than Developer, whether under a blanket mortgage affecting the Condominium Property generally or under a mortgage on one or more specific Units, shall be deemed to be a Mortgagee with respect to any such Unit, and shall be entitled to all rights and privileges available to a Mortgagee of any such Unit under the Condominium Documents so long as the Mortgagee has give notice to the Association that it is a Mortgagee.
- (c) During the first year of operation of the Association, the Association may modify the initial operating budget to account for items under warranty, less than full occupancy and all other start up cost savings. The two (2) months assessment paid into the working capital fund shall be based on the estimated operating budget, however. Notwithstanding the provisions of Sections 4.02 and 12.03(a) above, no assessments shall be imposed by the Association against the Developer as the Owner of unsold Units until sixty (60) days after the conveyance of the first Unit. During such period, Developer shall be responsible for the proportionate share of the Common Expenses and Limited Common Expenses of the Condominium Property related to the unsold Units, except that the Developer shall be entitled to use and apply to the payment of such Common Expenses and Limited Common Expenses a pro rata share of any and all assessments

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made against the Unit Owners other than Developer and collected by the Association for Common Expenses and Limited Common Expenses. The Developer shall be solely responsible for the maintenance, repair and operation of the unsold Units.

Section 12.04 Professional Management and Other Contracts. Any management contract, employment contract or lease of recreational or parking facilities or any agreement between the Association and an affiliate of the Developer entered into by the Association prior to the passage of control of the Association from the Developer pursuant to Section 12.01 above shall provide the following:

- The Association shall have the right of termination which is exercisable without penalty any time upon not more than ninety (90) days' written notice to the other party thereto; and
- The Association shall have a right of termination for cause which is exercisable without penalty at any time upon not more than thirty (30) days' written notice to the other party thereto.

#### ARTICLE XIII

#### MISCELLANEOUS

Section 13.01 Rights and Powers of Successors and Assignees. The rights and powers reserved to or exercisable by the Developer under the Condominium Documents or the Act may be exercised by any successor or assignee of the Developer (i) who acquires title from the Developer by foreclosure or other judicial sale or deed in lieu of foreclosure, or (ii) to whom the Developer specifically assigns such rights and powers.

Section 13.02 Headings. The captions herein are used solely as a matter of convenience and shall not define, limit or expand any term or provision of this Declaration.

Section 13.03 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.

Section 13.04 Exhibits. Exhibits "A", "B", "C", and "D", attached to this Declaration, are an integral part of this Declaration.

Section 13.05 Invalidity and Severability. It is the intention of the Developer 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.

Section 13.06 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

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IN WITNESS WHEREOF, the Developer has hereunto set its signature and seal on the day and year first above written.

		RMD TWO, LLC, an Alabama limited l	iahility company
		an Alabama mmeu i	lability Company
		5/200	Con the
	•	By: Steven Daughtry	
		Its: Partre	
STATE OF ALABAMA	)		
COUNTY	)		
hat Steven Daughtry whose name a simited liability company, is signed known to me, acknowledged before above and foregoing Declaration of authority, executed the same volunt.  Given under my hand and of	to the me or of Condarily on	foregoing Declaration this day that, being flominium, he as such the date the same bear	informed of the contents of the and with full rs date.  day of My 2011.  My Commission Expires 9-29-2012

The undersigned, as **MORTGAGEE** under the Mortgage encumbering the real property identified in the foregoing Declaration of Condominium of Southlake Medical Building Condominium, joins in the execution of the foregoing Declaration of Condominium of Southlake Medical Building Condominium for the sole purpose of establishing the validity of the Declaration of Condominium of Southlake Medical Building Condominium as required by §§ 35-8-1, *et seq.* of the CODE OF ALABAMA. The undersigned is not the Developer, and does not assume any obligation whatsoever under the terms, covenants and conditions of the foregoing Declaration of Condominium, and the execution hereof does not in any way subordinate or make the said Mortgage inferior to the said Declaration of Condominium.

BRANCH BA	NKING &	TRUST	COMPANY
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By: Steven Erickson

Its: Senior Vice President

STATE OF ALABAMA	)
JEFFERSON COUNTY	)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Steven Erickson, whose name as Senior Vice President of BRANCH BANKING & TRUST COMPANY, is signed to the foregoing Declaration of Condominium, and who is known to me, acknowledged before me on this day that, being informed of the contents of the Declaration of Condominium, he, as such officer, and with full authority, executed the same voluntarily for and as the act of said Senior Vice President on the day the same bears date.

Given under my hand and seal of office this Athaday of July, 2011.

Notary Public

My Commission Expires:

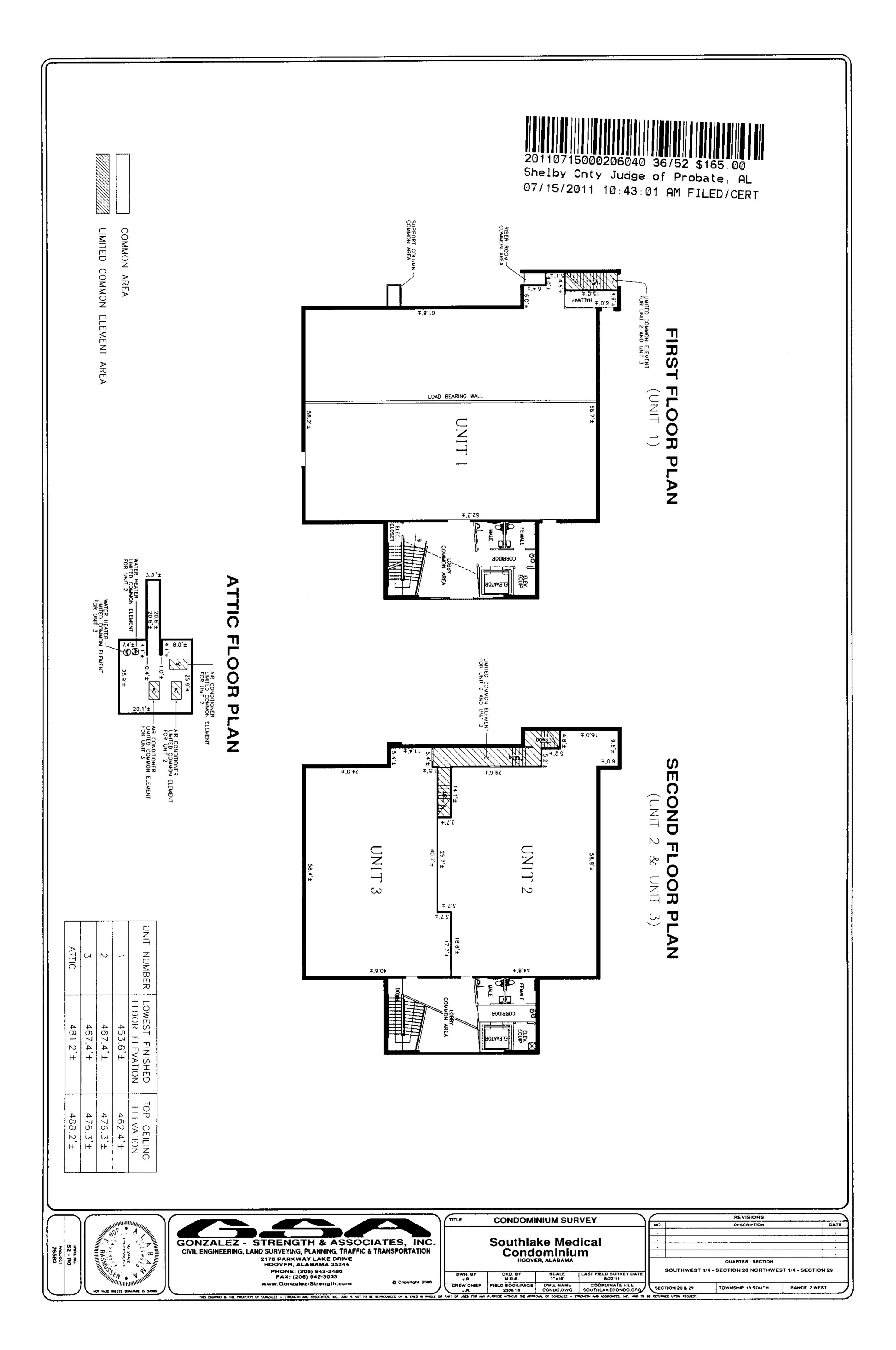
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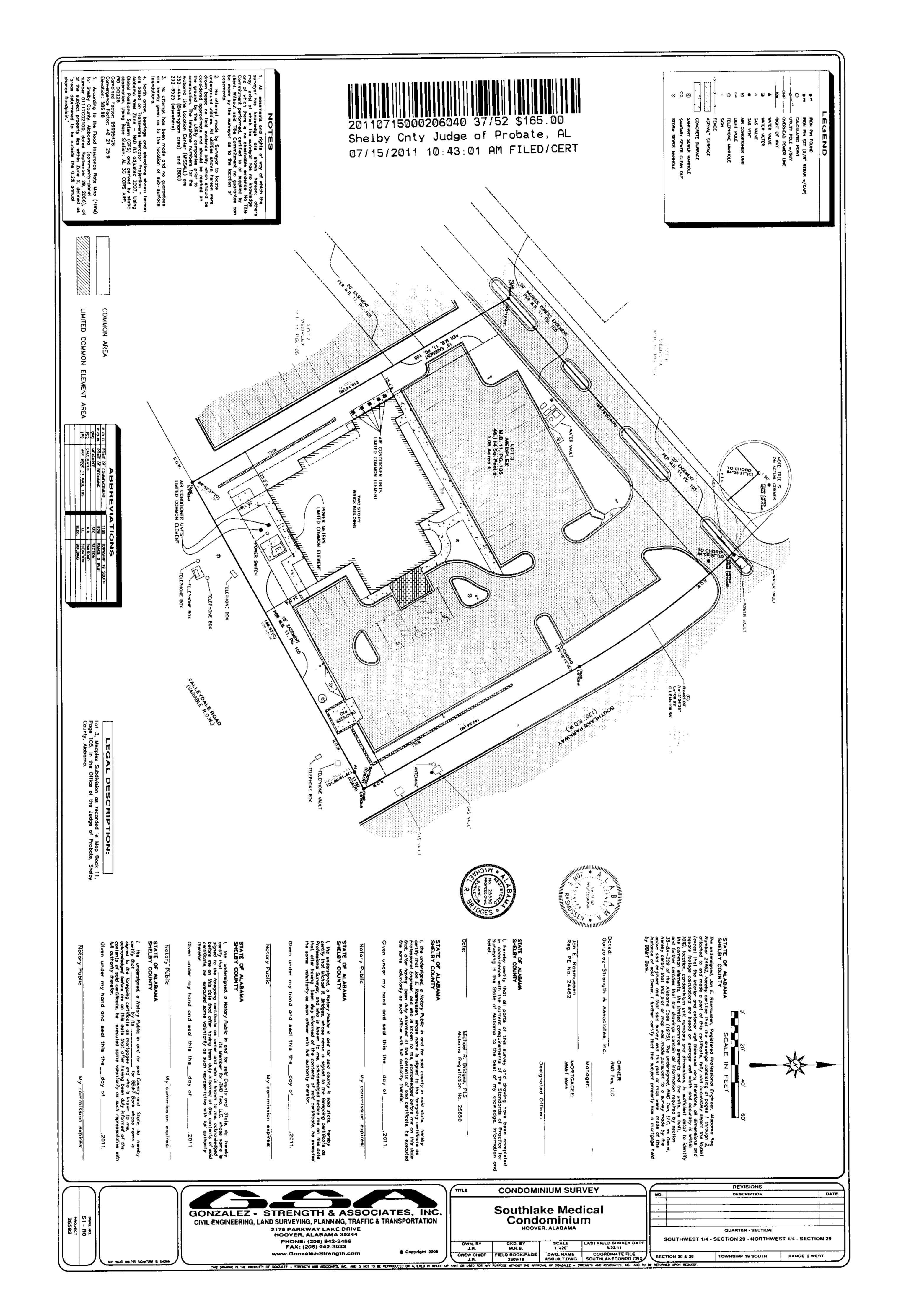
#### EXHIBIT "A"

#### LEGAL DESCRIPTION OF PROPERTY

Southlake Medical Building Condominium as recorded in Map Book 42, Page 66 in the Office of the Judge of Probate of Shelby County, Alabama being a re-survey of Lot 3, Medplex Subdivision as recorded in Map Book 11, Page 105, in the Office of the Judge of Probate, Shelby County, Alabama.

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#### EXHIBIT "B"

# BYLAWS OF SOUTHLAKE MEDICAL BUILDING CONDOMINIUM ASSOCIATION

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#### EXHIBIT "B"

# BYLAWS OF SOUTHLAKE MEDICAL BUILDING CONDOMINIUM ASSOCIATION

#### **ARTICLE I**

#### THE ASSOCIATION

Section 2. Principal Office. The principal office of the Association in the State of Alabama shall be located in the City of Birmingham, County of Shelby, Alabama. The Association may have such other offices, either within or without the State of Alabama, as the Board of Directors may designate or as the business of the Association may require from time to time.

Section 3. Registered Office. The registered office of the Association may be, but need not be, identical with the principal office in the State of Alabama, and the address of the registered office may be changed from time to time by the Board of Directors.

#### **ARTICLE II**

#### **MEMBERSHIP**

Section 1. <u>Annual Meeting</u>. The annual meeting of the membership shall be held in the month of November each year, beginning with the year 2011 on a date to be designated by the Board of Directors, or at such other time as shall be fixed by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the membership, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by a majority of the Board of Directors and shall be called by the President or the Secretary at the request of holders of not less than fifty percent (50%) of all the outstanding votes of the membership.

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- Section 3. Place of Meeting. The Board of Directors may designate any place, within or without the State of Alabama, as the place of meeting for any annual meeting or for any special meeting of the membership. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be the principal office of the Association in the State of Alabama.
- Section 4. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, or of a meeting which is required by statute to be held for any special purpose, or of an annual meeting at which special action is to be taken, the purpose or purposes for which the meeting is called, or the special action which is proposed to be taken, shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.
- Section 5. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, or for any other proper purpose, such date in any case to be not more than thirty (30) days and, in case of a meeting of the membership, not less than ten (10) days prior to the date on which the particular action, requiring such determination of members, is to be taken. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of the membership, the date on which notice of the meeting is mailed shall be the record date for such determination of members. When a determination of members entitled to vote at any meeting of the membership has been made as provided in this section, such determination shall apply to any adjournment thereof.
- **Section 6. Quorum.** The presence at any meeting of the membership of the members entitled to cast fifty one percent (51%) of the votes in the Association, represented in person or by proxy, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.
- Section 7. <u>Majority Vote</u>. The vote of members entitled to cast a majority of the votes represented at a meeting of the membership at which a quorum is present shall be the act of the members of the Association, unless the vote of a greater number is required by law, the Declaration, the Articles, or these Bylaws.
- Section 8. Proxies. At all meetings of the membership, a member may vote in person or by proxy executed in writing by the member or by his duly authorized attorney in fact. A proxy is void if it is not dated or purports to be revocable without notice. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall

be valid after one year from the date of its execution, unless a shorter term is provided in the proxy.

- Voting Rights. If only one of the multiple Owners of a Unit is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Unit. If more than one of the multiple Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There is a majority agreement if any one of the multiple Owners casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.
- Section 10. Informal Action by Members. Any action required to be taken at a meeting of the membership, or any other action which may be taken at a meeting of the membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

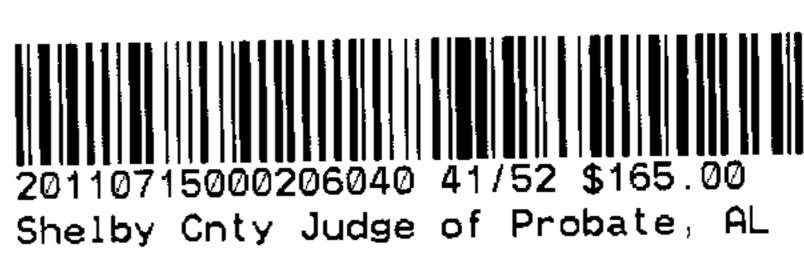
#### **ARTICLE III**

#### **BOARD OF DIRECTORS**

- General Powers. The business and affairs of the Association shall be managed by or under the direction of its Board of Directors.
- Number, Tenure and Qualifications. The number of directors of the Association shall consist of not less than three (3) directors with the exact number to be fixed from time to time by the members holding a majority of the votes of the Association. The initial Board of Directors shall consist of three (3) directors.

#### Election of Directors. Section 3.

- Election of directors shall be held at the annual meeting of the (a) membership. The election shall be by secret ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast. The Owner of each whole Unit shall be entitled to cast his votes for each of as many nominees as there are vacancies to be filled at the time of the election. There shall be no cumulative voting.
- Notwithstanding the provisions set forth in this Article III, RMD TWO, LLC, an Alabama limited liability company (the "Developer"), its successors and assigns, may control the Association by appointing and removing officers and members of the Board for the first year after creation of the Association. Thereafter, the Board of Directors shall call and give not less than ten (10), nor more than thirty (30), days' notice to the membership of a meeting for the purpose of electing the members of the Board of Directors.
- Regular Meetings. A regular meeting of the Board of Directors shall be Section 4. held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the membership, provided, however, any such regular meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special

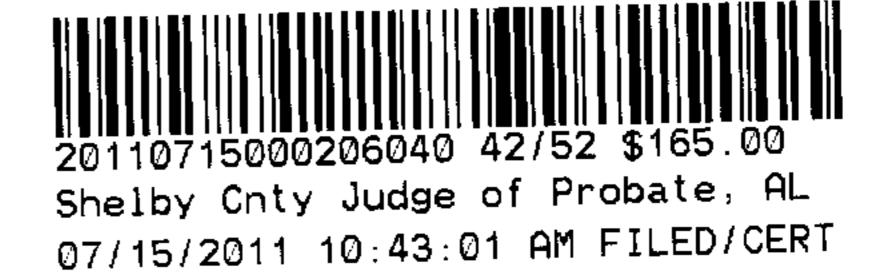


meetings, or in a consent and waiver of notice thereof, signed by all Directors. The Board of Directors may provide, by resolution, the time and place, within or without the State of Alabama, for the holding of additional regular meetings without other notice than such resolution.

- Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors.
- Section 6. Notice. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.
- Section 7. Quorum. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

If a quorum is present when the meeting is convened, the directors present may continue to do business, taking action by a vote of the majority of a quorum, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum present, or the refusal of any director present to vote.

- Section 8. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- Section 9. <u>Action Without a Meeting</u>. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.
- Section 10. <u>Vacancies</u>. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by a majority of the remaining directors. A director elected or appointed, as the case may be, shall be elected or appointed for the unexpired term of his predecessor in office.
- Section 11. <u>Compensation</u>. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a Director or both. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor.



Section 12. Committees. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of which shall consist of two or more directors and which to the extent provided in said resolution or resolutions or in the Bylaws of the Association shall have and may exercise all of the powers of the Board of Directors in the management of the activities and affairs of the Association and may have power to authorize the seal of the Association to be affixed to all papers which may require it; except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such committee or any director or officer of the Association; amending the Articles, restating the Articles, adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; adopting a plan for the distribution of assets of the Association; or amending, altering or repealing any action or resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such committee. The designation of such committee or committees or the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual director of any responsibility imposed upon it or him by law.

Section 13. Resignations. Any Director of the Association may resign at any time either by oral tender of resignation at any meeting of the Board or by giving written notice thereof to the Secretary of the Association. Such resignation shall take effect at the time specified therefor, and the acceptance of such resignation shall not be necessary to make it effective.

Section 14. Place of Meeting. The Board of Directors may designate any place within or without the State of Alabama as the place of meeting for any regular or special meeting of the Board of Directors.

Section 15. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

#### **ARTICLE IV**

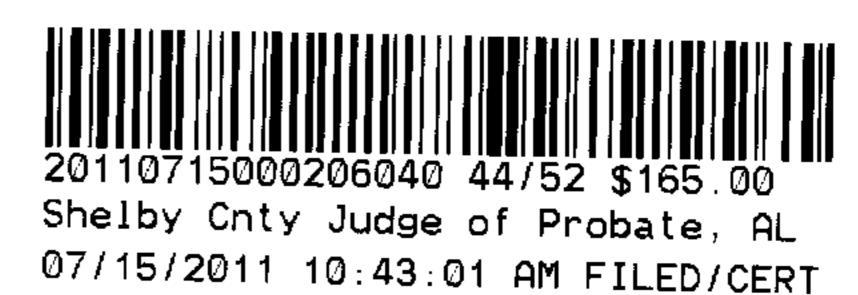
#### **OFFICERS**

Section 1. <u>Number</u>. The officers of the Association shall be a President, Vice President, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the President and Secretary. The failure of the Board of Directors to elect any officers other than a President and a Secretary shall not constitute a violation of these Bylaws.

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- Section 2. <u>Election and Term of Office</u>. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the membership. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall have resigned or shall have been removed in the manner hereinafter provided.
- Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, by the affirmative vote of the Board of Directors, whenever in their judgment the best interests of the Association will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create any contract rights in favor of such officer.
- Section 4. <u>Vacancies</u>. A vacancy in any office elected or appointed by the Board of Directors because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.
- Section 5. President. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the membership. He may sign, with the Secretary, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.
- Section 6. <u>Vice President</u>. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.
- Section 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the mailing address of each member which shall be furnished to the Secretary by such member; (e) have general charge of the transfer books of the members of the Association; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.



**Treasurer.** The Treasurer shall: (a) have charge and custody of and be Section 8. responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these Bylaws; and (c) in general perform all of the duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

#### CONTRACTS, LOANS, CHECKS AND DEPOSITS

- Contracts. The Board of Directors may authorize any officer or officers, Section 1. agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.
- Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.
- Checks, Drafts, Etc. All checks, drafts or other orders for the payment of Section 3. money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.
- **Deposits.** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

#### **ARTICLE VI**

#### **BOOKS AND RECORDS**

- Accounting. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the members, Board of Directors and committees thereof and shall keep at its registered or principal office in Alabama a record of the names and addresses of members entitled to vote, directors and officers. The accounting records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Association shall be open to inspection by the members or their authorized representatives for any proper purpose at any reasonable time. Such records shall include:
- Association Accounts. The receipts and expenditures of the Association shall be credited and charged to the appropriate account as set forth below.

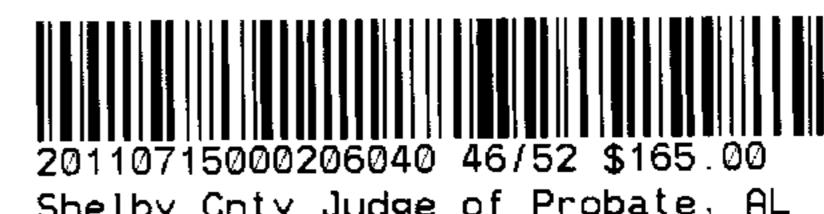


- (i) <u>Current Expenses</u>. All funds to be expended during the year for the maintenance of the Common Elements and the operation and working capital of the Association shall be held in the Current Expense Account. Any balance in this fund at the end of each year may be used to pay Common Expenses incurred in any successive year or may be placed in the Reserve Fund Account.
- (ii) <u>Reserve Funds</u>. All funds to be expended for replacement, acquisition and repair of capital improvements which are a part of Common Elements shall be held in the Reserve Fund Account. Reserve funds may be accumulated through special assessments.
- (b) <u>Member Accounts</u>. An account for each member shall be maintained setting forth the name and address of the member, the interest percentage in the Common Elements, the amount of each assessment, the dates and amounts in which the assessments become due, the amounts paid upon the account and the balance due.
- Section 2. Assessments. Assessments against the members for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 31, preceding the year for which the assessments are made. Such assessments shall be due in quarterly or monthly installments, as may be determined by the Board of Directors of the Association. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors.
- **Section 3.** Assessments for Emergencies. Assessments for Common Expenses for emergencies that cannot be paid from the annual assessments for Common Expenses shall be made only after notice of the need for such is given to the members concerned, and it shall be due 30 days after such notice in such manner as the Board of Directors of the Association may require in the notice of assessment.
- Section 4. Audit or Compilation. A tax return or compilation of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the report shall be made available for review by each member.
- **Section 5.** <u>Bonds.</u> Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board of Directors, but shall not be less than three times the amount of the total annual assessments against members for Common Expenses. The premiums of such bonds shall be paid by the Association.

#### **ARTICLE VII**

#### WAIVER OF NOTICE

Whenever any notice is required to be given to any member or director of the Association under the provisions of these Bylaws, the Articles of Association, the Declaration, the provisions of the Alabama Unincorporated Nonprofit Association Law, and any act amendatory thereof, supplementary thereto or substituted therefor, the provisions of the Alabama Condominium Ownership Act, and any act amendatory thereof, supplemental thereto or substituted therefor, or



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the Alabama Constitution, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### **ARTICLE VIII**

#### FISCAL YEAR

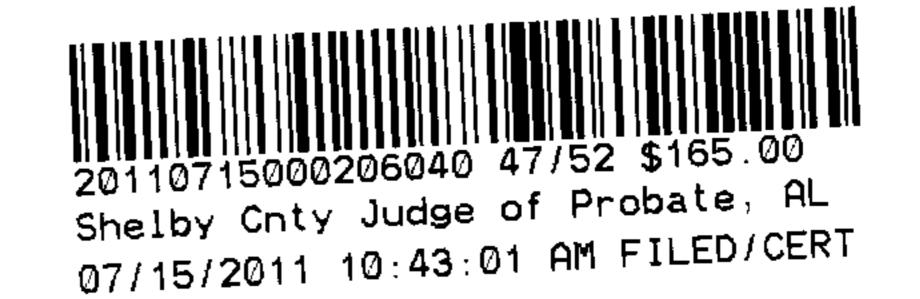
The fiscal year of the Association shall be a calendar year starting on January 1 of each year and ending on December 31 of each year.

#### **ARTICLE IX**

#### INDEMNIFICATION

The Association shall indemnify and hold harmless each of Section 1. General. its directors and officers, each member of any committee appointed pursuant to the Bylaws of the Association, and the Board and Developer, against all contractual and other liabilities to others arising out of contracts made by or other acts of such directors, Board, officers, committee members or Developer, on behalf of the Unit Owners, or arising out of their status as directors, Board, officers, committee members or Developer, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board, committee member or Developer may be involved by virtue of such persons being or having been such director, officer, Board, committee member, or Developer; provided, however, that such indemnity shall not be operative with respect to:

- (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Developer, or
- (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Developer.
- Section 2. Success on Merits. To the extent that the Developer or a member of the Board of Directors or an officer of the Association or a member of any committee appointed pursuant to the Bylaws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.



Advance Payment. Expenses incurred in defending a civil or criminal Section 3. action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article IX.

The Association and the Board shall have the power Section 4. Miscellaneous. to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article, provided, however, that the liability of any Unit Owner arising out of any contract made by or other acts of the directors, Board, officers, members of such committees, or Developer, or out of the aforesaid indemnity in favor of the directors, Board, officers, members of such committees, or Developer, shall be limited to such proportion of the total liability hereunder as said Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every agreement made by the directors, Board, officers, members of committees, Developer or by the Managing Agent on behalf of the Unit Owners shall provide that the directors, Board, officers, members of such committees, Developer or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements. The indemnification provided by this Article IX shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be Developer or a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity.

#### ARTICLE X

#### AMENDMENT

Amendment to Bylaws. These Bylaws may be amended, altered or Section 1. repealed by the members at any regular or special meeting upon the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding votes.

Recordation. No modification or amendment to the Bylaws shall be valid and effective until the President and Secretary of the Association shall certify as to the adoption of such amendment and shall file their certificate setting forth the text of the amendment with the Office of the Judge of Probate of Shelby County, Alabama.

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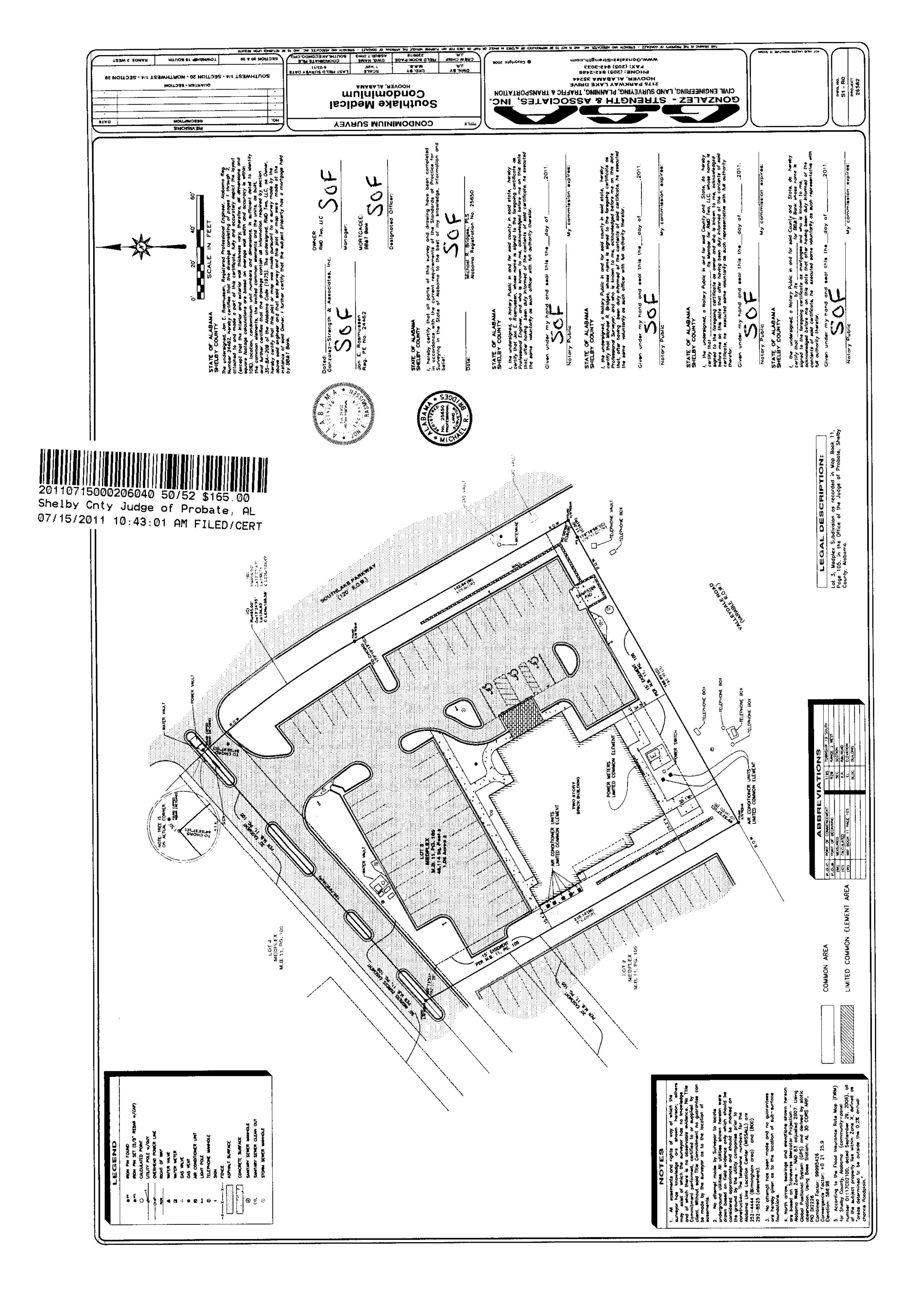
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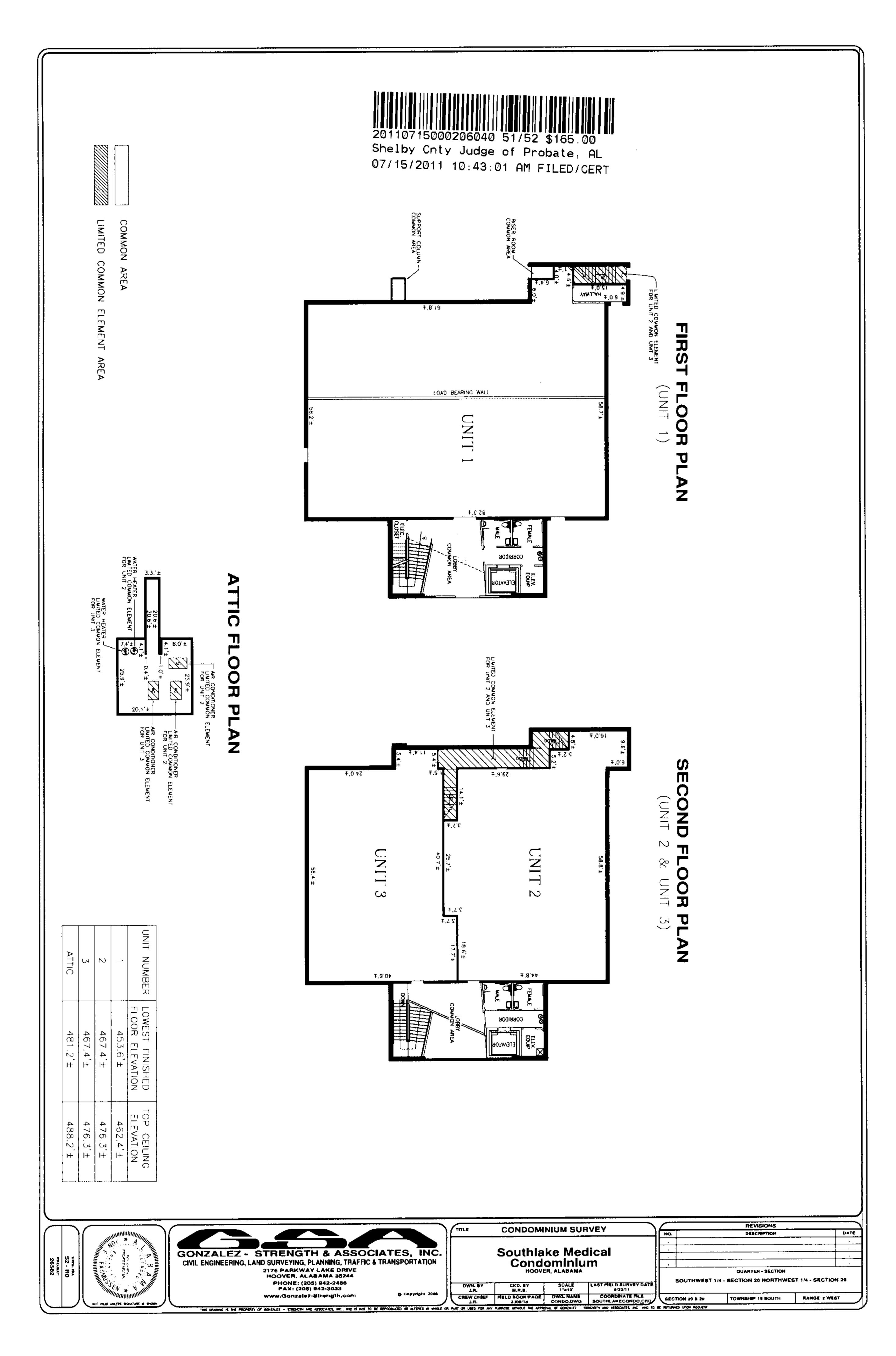
### EXHIBIT "C"

### PLAN OF THE CONDOMINIUM

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#### EXHIBIT "D"

## LIST OF UNITS, ALLOCATED COMMON ELEMENT INTEREST AND VOTES PER UNIT

Unit Number	% of Common Element Ownership	Votes
1	48.915%	1
2	28.600%	1
3	22.485%	1
Total	100%	3

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