

May 24 | 32 PM '96

ARTICLES OF INCORPORATION

OF

THE PALMS CONDOMINIUM OWNERS' ASSOCIATION, INC.
DEED BY [Signature] TO [Signature] BALDWIN COUNTY ALABAMA
JUDGE OF PROBATE

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

I

NAME

The name of the corporation shall be **THE PALMS CONDOMINIUM OWNERS' ASSOCIATION, INC.** The corporation is herein referred to as the "**ASSOCIATION**".

II

DEFINITIONS

The terms used herein shall have the meaning for each stated in the ACTS and in the **DECLARATION OF CONDOMINIUM OF THE PALMS**, a Condominium ("**DECLARATION**"), unless the context otherwise requires.

III

PERIOD OF DURATION

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

IV

PURPOSES

The **ASSOCIATION** is organized for the purpose of administering, maintaining, operating and managing the **CONDOMINIUM** known as **THE PALMS**, a Condominium ("**CONDOMINIUM**") located in Baldwin County, Alabama, according to the **DECLARATION** and to do all things incident, necessary, convenient, expedient, ancillary or in aid of the accomplishment of the foregoing.

V

POWERS

The **ASSOCIATION** shall have the power to exercise all powers, duties and authority vested in the **ASSOCIATION** by the ACTS, the **DECLARATION** or these **ARTICLES**, including but not limited to the following:

- (1) To elect and remove officers of the **ASSOCIATION** as provided in the **BY-LAWS**.
- (2) To administer the affairs of the **ASSOCIATION** and **CONDOMINIUM PROPERTY**.
- (3) To maintain bank accounts on behalf of the **ASSOCIATION** and to designate signatories required therefore.
- (4) To sell, lease, mortgage or otherwise deal with **UNITS** acquired by the **ASSOCIATION**.

MISC0003 PAGE 0924

(5) To pay the cost of all taxes and utilities assessed against the CONDOMINIUM that are not assessed and billed to the OWNERS of individual UNITS.

(6) To borrow money on behalf of the ASSOCIATION when required in connection with the operation, care, upkeep and maintenance of the COMMON ELEMENTS, provided, however, that the consent of at least two-thirds (2/3) of the votes of the MEMBERS, obtained at a meeting duly called and held for such purpose in accordance with the provision of the BY-LAWS, shall be required for the borrowing of such money.

(7) To estimate the amount of the annual budget and to make, levy, enforce and collect ASSESSMENTS against UNIT OWNERS to defray the costs, expenses and losses of the CONDOMINIUM, and to provide adequate remedies for failure to pay such ASSESSMENTS.

(8) To use the proceeds of ASSESSMENTS in the exercise of its powers and duties.

(9) To maintain, repair, replace and operate the CONDOMINIUM PROPERTY, including the reasonable right of entry upon any UNIT to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the project and the right to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the project.

(10) To purchase insurance on the PROPERTY, and to purchase insurance for the protection of the ASSOCIATION and its MEMBERS, and the MEMBERS of the BOARD OF DIRECTORS and officers of the ASSOCIATION.

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

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

(13) To enforce by legal means the provisions of the ACTS, the DECLARATION, the ARTICLES OF INCORPORATION, the BY-LAWS and the Rules and Regulations for the use of the PROPERTY.

(14) To contract for the management of the PROPERTY and to delegate to such managing agent all powers and duties of the ASSOCIATION except such as are specifically required by the DECLARATION to have approval of the BOARD OF DIRECTORS or the membership of the ASSOCIATION.

(15) To contract for the management or operation of portions of the COMMON ELEMENTS of the CONDOMINIUM susceptible to separate management or operation and to lease such portions.

(16) To retain attorneys and accountants.

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

(18) To purchase a UNIT of the CONDOMINIUM for the purposes authorized in the DECLARATION.

(19) To maintain a class action and to settle a cause of action on behalf of OWNERS with reference to the COMMON ELEMENTS and LIMITED COMMON ELEMENTS, the roof and structural components of a building or other improvement, and mechanical,

electrical and plumbing elements serving an improvement or a building as distinguished from such elements serving only one (1) UNIT; and to bring an action and to settle the same on behalf of two (2) or more of the OWNERS, as their respective interests may appear, with respect to any cause of action relating to the COMMON ELEMENTS or LIMITED COMMON ELEMENTS or more than one (1) CONDOMINIUM UNIT; all as the BOARD deems advisable.

(20) To procure such fidelity bonds, as the BOARD deems advisable, covering officers and employees of the ASSOCIATION handling and responsible for the funds and personal property of the ASSOCIATION, and to procure Directors' and Officers' liability insurance, if the BOARD deems it advisable, and the premiums of such bonds and insurance shall be paid by the ASSOCIATION as common expense.

(21) To adopt and establish BY-LAWS for the operation of the CONDOMINIUM ASSOCIATION.

VI

NOT FOR PROFIT

The ASSOCIATION is not organized for pecuniary profit and it shall pay no dividend, and shall distribute no part of its income to its MEMBERS, Directors or officers. Nevertheless, the ASSOCIATION may pay compensation in a reasonable amount to its MEMBERS, Directors and officers for services rendered, and it may confer benefits on its MEMBERS in conformity with the DECLARATION and the purposes of the ASSOCIATION. On termination, the ASSOCIATION may make distributions to its MEMBERS as permitted by law, and no such payment, benefit, or distribution shall be deemed to be a dividend or distribution of income. All funds and property acquired by the ASSOCIATION and all proceeds therefrom shall be held and used for the benefit of the MEMBERS of the ASSOCIATION in accordance with the provisions of the DECLARATION, these ARTICLES and the BY-LAWS.

VII

MEMBERSHIP

This ASSOCIATION shall issue no shares of stock of any kind or nature whatsoever. Every person or entity who is a record OWNER of a fee or undivided fee interest in any UNIT in the CONDOMINIUM shall be a MEMBER of the ASSOCIATION. Membership shall be appurtenant to and may not be separated from the ownership of any UNIT which is subject to ASSESSMENT by the ASSOCIATION. The MEMBERS shall enjoy such qualifications, rights and voting rights as may be fixed in the DECLARATION and in the BY-LAWS of the ASSOCIATION.

VIII

BOARD OF DIRECTORS

The PROPERTY, business and affairs of the ASSOCIATION shall be managed by a BOARD OF DIRECTORS which shall consist of such number not less than three (3) nor more than, from time to time, shall be determined and fixed by a vote of a majority of the voting rights present at any annual or special meeting of the MEMBERS. Except as may otherwise be provided in the DECLARATION and the BY-LAWS, each Director may be either a person designated by the DEVELOPER or a person entitled to cast a vote in the ASSOCIATION. Directors may be designated or elected and removed, and vacancies on the BOARD OF DIRECTORS shall be filled as provided in the DECLARATION and the BY-LAWS. All the duties and powers of the ASSOCIATION existing under the ACTS, the DECLARATION, these ARTICLES and the BY-LAWS shall be exercised exclusively by the BOARD OF DIRECTORS, its

agents, contractors or employees, subject only to approval by UNIT OWNERS when such approval is specifically required by the ACTS, the DECLARATION, these ARTICLES or the BY-LAWS. The initial BOARD OF DIRECTORS shall be composed of three (3) MEMBERS. The names and addresses of the three (3) MEMBERS of the initial BOARD OF DIRECTORS, who shall hold office until election or appointment of their successors, are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Miller Gorrie	729 South 30th Street Birmingham, Alabama 35233
David C. Montiel	1625 Bell Road Montgomery, Alabama 36117
John M. Ashurst, Jr.	3140 Rolling Road Montgomery, Alabama 36111

IX

OFFICERS

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

<u>NAME</u>	<u>OFFICE</u>	<u>ADDRESS</u>
John M. Ashurst, Jr.	President	3140 Rolling Road Montgomery, Alabama 36111
Thomas S. O'Rourke, Sr.	Vice President	26266 Perdido Beach Boulevard Orange Beach, Alabama 36561
Glenda Jordan Montiel	Secretary- Treasurer	1625 Bell Road Montgomery, Alabama 36117

X

INDEMNIFICATION

Every Director and every officer of the ASSOCIATION shall be indemnified by the ASSOCIATION against all expenses and liabilities, or any settlement thereof, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the ASSOCIATION, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the BOARD OF DIRECTORS approves such settlement and reimbursement as being in the best interest of the ASSOCIATION. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

XI

INCORPORATOR

The name and address of the incorporator of the ASSOCIATION is:

MISC0038 PAGE 0927

<u>NAME</u>	<u>ADDRESS</u>
The Palms Developers, L.L.C.	1625 Bell Road Montgomery, Alabama 36117

XII

REGISTERED OFFICE AND AGENT

The location and mailing address of the initial registered Office of the ASSOCIATION is 26266 Perdido Beach Boulevard, Orange Beach, Alabama, 36561 and the name of its initial agent at such address is Thomas S. O'Rorke, Sr.

XIII

DECLARANT CONTROL

The DEVELOPER shall retain control of the ASSOCIATION in accordance with the terms and conditions of the DECLARATION.

XIV

DEFINITIONS AND CONFLICT

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

XV

DISSOLUTION

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

IN WITNESS WHEREOF, the subscriber hereto has caused this instrument to be executed this the 23 day of May, 1996.

INCORPORATOR:

THE PALMS DEVELOPERS, L.L.C.,
an Alabama Limited Liability Company

By: David C. Montiel
DAVID C. MONTIEL
Its: Manager

By: Miller Gorrie
MILLER GORRIE
Its: Manager

MISC OCS PAGE 0928

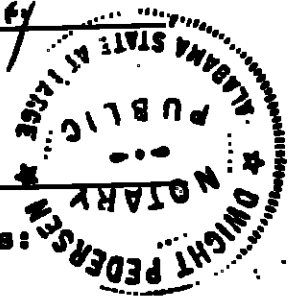
STATE OF ALABAMA :

COUNTY OF Montgomery :

Before me, the undersigned authority, a Notary Public in and for said State and County, personally appeared DAVID C. MONTIEL whose name as Manager of THE PALMS DEVELOPERS, L.L.C., an Alabama Limited Liability Company, is signed to the foregoing instrument and who being by me first duly sworn deposes and say that he is authorized to execute this instrument on behalf of the Company and that the facts contained in the above and foregoing ARTICLES OF INCORPORATION are true and correct.

Given under my hand and seal on this 23 day of May 1996.

Dwight Pedersen
NOTARY PUBLIC
My Commission Expires: 1-26-2000



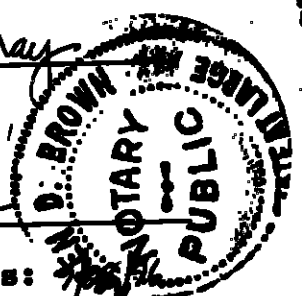
STATE OF ALABAMA :

COUNTY OF Jefferson :

Before me, the undersigned authority, a Notary Public in and for said State and County, personally appeared MILLER GORRIE whose name as Manager of THE PALMS DEVELOPERS, L.L.C., an Alabama Limited Liability Company, is signed to the foregoing instrument and who being by me first duly sworn deposes and say that he is authorized to execute this instrument on behalf of the Company and that the facts contained in the above and foregoing ARTICLES OF INCORPORATION are true and correct.

Given under my hand and seal on this 23 day of May 1996.

Karen H. Brown
NOTARY PUBLIC
My Commission Expires:



MISC0088 PAGE 09229

THIS INSTRUMENT PREPARED BY:
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