

*By-Laws*  
*of*  
*Eastside Cottages Property Owners Association, Inc.*

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STATE OF ALABAMA     )  
COUNTY OF BALDWIN   )

**BY-LAWS**  
**OF**  
**EASTSIDE COTTAGES PROPERTY OWNERS ASSOCIATION, INC.**

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**ARTICLE I**  
**PURPOSE AND APPLICATION**

1.01 *Purpose and Application.* The following are the By-Laws of Eastside Cottages Property Owners Association, Inc., hereinafter referred to as the “Association,” a not-for-profit corporation, organized pursuant to the Alabama Nonprofit Corporation Law, §10A-3-1.01 et. seq., Code of Alabama, 1975, hereinafter the “Act,” formed for the purpose of managing and operating certain common areas of a subdivision located in Gulf Shores, Baldwin County, Alabama, known as Eastside Cottages Subdivision, hereinafter referred to as the “Common Area(s).”

The provisions of the By-Laws are applicable to the entirety of the Common Property. All present or future Property Owners, tenants and their employees, and any other persons or entities that might use the facilities of Eastside Cottages Subdivision, in any manner, are subject to the regulations and provisions set forth in these By-Laws and to the Rules and Regulations established and promulgated by the Association of Property Owners pursuant to these By-Laws and the Declaration of Protective Covenants, hereinafter the “Declaration.”

The mere acquisition of any of the Lots of Eastside Cottages Subdivision, or the mere act of occupancy of any said Lot will signify that these By-Laws and the provisions of the Declaration and any Rules and Regulations, as they each may be amended from time to time, are accepted, ratified and will be complied with.

**ARTICLE II**  
**PRINCIPAL OFFICE AND AGENT**

2.01 *Principal Office.* The initial principal office of the Association shall be at 956 Commerce Loop, Suite A, Gulf Shores, Alabama 36542, or at such other place as may be designated subsequently by the Board of Directors or as the business of the Association may require. All books and records of the Association shall be kept at its principal office. The initial mailing address of the Association shall be Post Office Box 904, Gulf Shores, Alabama 36547.

2.02 *Registered Agent.* The initial registered agent of the Association at such office shall be Edwin J. Spence.

**ARTICLE III**  
**DEFINITIONS**

3.01 *Declaration Defined.* "Declaration" shall mean that certain Declaration of Protective Covenants for Eastside Cottages Subdivision recorded in the Office of the Judge of Probate of Baldwin County, Alabama, as the same may be amended from time to time in accordance with the terms thereof.

3.02 *Other Terms Defined.* Other terms used herein shall have the meaning given to them in the Declaration, and such terms are hereby incorporated herein by reference and made a part hereof.

**ARTICLES IV**  
**MEMBERSHIP**

4.01 *Qualification.* The sole qualification for membership shall be ownership of a Lot in the Subdivision. No membership may be separated from the Lot to which it is appurtenant.

4.02 *No Additional Qualifications.* No initiation fees, costs or dues shall be assessed against any person as a condition of the exercise of the rights of membership except such assessments, levies, and charges as are specifically authorized by the Declaration.

4.03 *Succession.* The membership of each Property Owner shall automatically terminate on the conveyance, transfer, or other disposition of a Property Owner's interest in the Lot. The Property Owner's membership shall automatically be transferred to the new Property Owner succeeding to such ownership interest. On the conveyance, transfer, or other disposition of a portion of a Property Owner's interest in a Lot, the transferring Property Owner and the transferee shall each be members of the Association in accordance with the ownership interest of each owner following such conveyance or transfer. However, each Lot shall only be allowed one vote on any matter for which a Member of the Association may vote as set forth herein.

4.04 *Certificates of Membership.* The Association shall issue no shares of stock of any kind or nature whatsoever.

**ARTICLE V**  
**MEETINGS OF MEMBERS**

5.01 *Annual Meeting.* The annual meeting of the members shall be held on the date, at the place, and at the time, as determined by the Board of Directors from time to time, provided that there shall be an annual meeting every calendar year and not later than thirteen months after the last preceding annual meeting. The purpose of the annual meeting shall be to elect the Directors, and to transact any other business authorized to be transacted by the Members or stated in the notice of the meeting sent to the Members in advance thereof.

5.02 *Special Meeting.* Special meetings of the Members may be called at any time by the President, a majority of the Board, or on receipt by the Board of a written request of Members representing

at least thirty percent (30%) of the total votes of the Association. The business conducted at a special meeting shall be limited to that stated in the notice of the meeting.

5.03 Notice of Meeting. Notice of all meetings of Members shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or By-Laws, any budget changes, and any proposal to remove an officer or a member of the Board. Notices shall be prepared and delivered by or at the direction of the Secretary, and may be delivered either personally or by mail to a Member at the address given to the Board by said Member, or to the Member's Lot if no such address has been given to the Board. Notice of the annual meeting and special meetings shall be mailed or delivered to each Member not less than ten (10) days prior to the meeting. No notices of annual or special meetings shall be mailed or delivered more than fifty (50) days prior to such meeting. A copy of the notice of any meeting of Members shall also be posted in a conspicuous place on the Subdivision Property at least seven (7) days prior to the meeting. Proof of such notice shall be given by the affidavit of the person giving the notice.

5.04 Waiver of Notice. Any Member may waive the right to receive notice of the annual meeting by sending a written waiver to the Board of Directors. Notice of specific meetings may be waived before or after the meeting, orally or in writing. Attendance by a Member at an annual or special meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

5.05 Quorum. A quorum of Members for any meeting shall be deemed present throughout such meeting if Members, represented in person or by proxy, holding thirty percent (30%) of the votes entitled to be cast at such meeting are present at the beginning of such meeting, except as otherwise provided by law, by the Articles of Incorporation of Eastside Cottages Property Owners Association, Inc. ("Articles"), by the Declaration, or by these By-Laws.

5.06 Adjournment for Lack of Quorum. In the absence of a quorum at any meeting of members, a majority of those Members entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement of the meeting, until the requisite number of members, present in person or by proxy, shall be present; provided, however, that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. At such adjourned meeting at which the requisite number of votes shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

5.07 Action Without Meeting. Any action which may be taken at a meeting of the Members may also be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the number of members required to take such action at a meeting, and is filed with the Secretary of the Association.

5.08 Order of Business. The order of business at annual meetings of Members and, as far as practical and when applicable, at all other meetings of Members, shall be:

- Call to Order
- Calling of the roll and certifying of proxies
- Proof of notice of meeting or waiver of notice
- Reading and disposal of any unapproved minutes
- Reports of officers
- Reports of committees
- Election of Directors
- Unfinished business
- New business
- Adjournment

5.09 *Minutes of Meeting.* The minutes of all meetings of Members shall be kept in a book available for inspection by Property Owners or their authorized representatives.

5.10 *Proviso.* Provided, however, the Developer shall retain control of the Association in accordance with the terms and conditions of the Declaration.

## ARTICLE VI MEMBERS' VOTING RIGHTS

6.01 *Number of Votes.* The number of votes to which each Lot is entitled is provided in the Declaration. The votes of a Lot shall not be divisible.

6.02 *Vote Required to Transact Business.* When a quorum is present, the holders of a majority of the voting rights present, in person or by proxy, shall decide any question brought before the meeting, unless the question is one which, by express provision of the Declaration, a different number or manner of voting is required, in which case the express provision shall govern and control the decision in question.

6.03 *Designation of Voting Member.* If a Lot is owned by more than one person, the person entitled to cast the vote for the Lot may be designated by a certificate signed by all of the record Owners of the Lot and filed with the Secretary of the Association. If a Lot is owned by a corporation, partnership, trust, or other legal entity, the person entitled to cast the vote for the Lot may be designated by a certificate of appointment signed by a duly authorized representative of the entity and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Lot involved. A certificate may be revoked by any Owner of an interest in the Lot.

6.04 *Failure to Designate a Voting Member.* If a Lot is owned by more than one person and they do not designate a voting member, the following provisions shall apply:

- a. If more than one such Owner is present at any meeting, and they are unable to concur in a decision on any subject requiring a vote, they shall lose their right to vote on that subject at that

meeting, however, the presence of such owners shall be included in the determination as to the presence of, or lack thereof, of a quorum.

b. If only one such Owner is present at a meeting, that person shall be entitled to cast the vote pertaining to the Lot.

c. If more than one such Owner is present at the meeting, and they concur, any one such Owner may cast the vote for the Lot.

6.05 Voting by Proxy. Votes may be cast in person or by proxy, as provided for in the Act. All proxies must be in writing, dated, signed by the Member generating the proxy, and filed with the Secretary of the Association before the appointed time of any meeting to which it applies. A Member may revoke a proxy at any time by delivering a written notice of revocation to the Association.

## **ARTICLE VII** **BOARD OF DIRECTORS**

7.01 Number. The affairs of this Association shall be managed by a Board of Directors, consisting of a number as may be selected by the members, however the Board shall consist of no less than three (3) persons nor more than five (5) persons.

7.02 Qualification. Except for Directors initially appointed by the Developer, each Director shall be a Property Owner. If a Property Owner is a trust, then the beneficiary of the trust may be a Director; and if a Property Owner is a corporation or partnership, then an officer, partner, or employee of such Property Owner may be a Director. If a Director shall cease to meet such qualifications during his term, he shall cease to be a Director and his place on the Board shall be deemed vacant.

7.03 Appointment by Developer. The initial Board of directors, as well as successor Directors, shall be appointed by the Developer/Declarant, and may be removed by the Developer/Declarant at any time. The Developer/Declarant shall have the right to appoint and remove Directors in accordance with the terms of the Declaration.

7.04 Nomination for Election. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members or at any other meeting of Members called for the purpose of electing Directors. Nominations shall also be made by a nominating committee appointed by the Board prior to the annual meeting of the Members or prior to any other meeting of members called for the purpose of electing Directors.

7.05 Initial Election of Directors. At such time as the Property Owners are entitled to elect one or more Directors, the Association shall call a meeting of the Members to elect the Director. The Association shall give not less than ten (10) days nor more than fifty (50) days notice of the meeting to each Member. The meeting may be called and the notice may be given by any Property Owner if the Association fails to

do so. The election shall be conducted in the manner specified in Subparagraph 7.06 herein.

7.06 Election of Directors. Directors shall be elected at the annual meeting of Members. The election shall be by secret ballot (unless dispensed with by unanimous consent), and each Member shall be entitled to vote, in the manner prescribed for voting elsewhere herein, for each vacancy. There shall be no cumulative voting. Those candidates receiving the greatest number of votes cast either in person or by proxy shall be elected.

7.07 Term. Each Director elected by the Members shall hold office until the next annual meeting of Members, or until his successor shall be elected and qualified, or until he resigns or is removed in any manner provided elsewhere herein. Each Director appointed by the Developer shall hold office until he resigns, is removed by the Developer, or his term expires as provided for herein and in the Declaration.

7.08 Vacancies. Any vacancy in the position of a Director elected by the Members of the Association shall be filled by a majority vote of the remaining Directors, and any Director so elected shall hold office for a term equal to the unexpired term of the Director whom he succeeds. Any vacancy in the position of a Director appointed by the Developer shall be filled by the Developer.

7.09 Removal. Any Director may be removed for cause by the concurrence of two-thirds ( $\frac{2}{3}$ ) of the votes of the Association. The vacancy in the Board of Directors so created shall be filled by the Members at the same meeting. Notwithstanding the preceding, during the time that the Developer is in control of the Association, the Developer shall have the exclusive right to appoint and remove the Directors of the Association at its discretion.

7.10 Compensation. A Director shall not receive any compensation for any service he may render to the Association as a Director; provided, however, that any Director may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

7.11 Proviso. Provided, however, the Developer shall retain control of the Association in accordance with the terms and conditions of the Declaration.

## **ARTICLE VIII** **MEETINGS OF DIRECTORS**

8.01 Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly at such place, and at such time and date as the Board shall designate; provided, however, that regular meetings of the Board of Directors shall be held annually during the period of Declarant control. Notice of the regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph, and shall be transmitted at least fourteen (14) days prior to the meeting.

8.02 Special Meetings. Special meetings of the Directors may be called by the President at any time, and must be called by the President or Secretary at the written request of a majority of the Directors.

A notice of the meeting stating the time, place and purpose of the meeting shall be given to each Director, personally or by mail, telephone, or email, at least three days prior to the meeting.

8.03 Open Meetings. All meetings of the Board of Directors shall be open to all members of the Association.

8.04 Waiver of Notice. Any Director may waive notice of a meeting either before or after the meeting, or may consent to the holding of a meeting without notice. Attendance by any Director at a meeting shall constitute waiver of notice of that meeting, except when attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called.

8.05 Quorum. A quorum shall consist of the Directors entitled to cast a majority of the votes of the entire Board of Directors. The acts of the Directors approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such a Director for the purpose of determining a quorum.

8.06 Action Without Meeting. Any action permitted or required to be taken at a meeting of the Directors may be taken without a meeting if written consent setting forth the action so taken shall be signed by all the Directors, and filed with the minutes of the proceedings of the Board.

8.07 Presiding Officer. The presiding officer of the Directors' meeting shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.

8.08 Minutes of Meetings. The minutes of all meetings of the Board of Directors shall be kept in a minute book available for inspection by Property Owners, or their authorized representatives, or by Directors at any reasonable time.

8.09 Order of Business. The order of business at Directors' meetings shall be:

- Call of Roll
- Proof of due notice of meeting
- Reading and disposal of unapproved minutes Reports of Officers and Committees
- Election of Officers
- Unfinished business
- New business
- Adjournment



**ARTICLE IX**  
**POWERS AND DUTIES OF THE DIRECTORS**

9.01 *Specific Powers.* The Board of Directors shall have the power to exercise all powers, duties, and authority vested in the Association by the Declaration, these By-Laws or the Articles, except for such powers and duties reserved thereby to the Members or the Developer. The powers and duties of the Board shall include, but shall not be limited to, the following:

- a. To elect and remove officers of the Association as hereinafter provided.
- b. To administer the affairs of the Association and the Subdivision Property.
- c. To maintain bank accounts on behalf of the Association and to designate signatories required therefor.
- d. To sell, lease, mortgage, or otherwise deal with Lots acquired by the Association.
- e. To pay the cost of all taxes and utilities assessed against the Common Areas that are not assessed and billed to the Owners of individual Lots.
- f. To borrow money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Areas; provided, however, that the consent of a least one-half (½) of the votes of the Members, obtained at a meeting duly called and held for such purpose in accordance with the provision of these By-Laws, shall be required for the borrowing of such money. Notwithstanding the preceding, during the time that the Developer is in control of the Association, the Developer shall have the exclusive right, on behalf of the Association, to borrow such money.
- g. To estimate the amount of the annual budget and to make, levy, enforce, and collect Assessments against Property Owners to defray the costs, expenses, and losses for the Subdivision, and to provide adequate remedies for failure to pay such assessments.
- h. To use the proceeds of Assessments in the exercise of its powers and duties.
- i. To maintain, repair, replace, and operate the Common Areas, 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.
- j. To purchase insurance on the Common Areas, 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.

- k. To reconstruct improvements after casualty and to further improve the Property.
- l. To make and amend reasonable Rules and Regulations respecting the use of the Property and the operation of the Common Areas.
- m. To enforce by legal means the provisions of the Declaration, the Articles of Incorporation, these By-Laws and the Rules and Regulations for the use of the Property.
- n. 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.
- o. To contract for the management or operation of portions of the Common Areas of the Subdivision susceptible to separate management or operation, and to lease such portions.
- p. To retain attorneys and accountants.
- q. To employ personnel to perform the services required for proper operation of the Subdivision.
- r. Except as prohibited in the Declaration, to purchase a Lot of the Subdivision for the purposes authorized in the Declaration.
- s. To maintain a class action and to settle a cause of action on behalf of Owners with reference to the Common Areas, and to bring an action and to settle the same on behalf of two or more of the Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Areas or more than one Lot; all as the Board deems advisable.
- t. To procure such fidelity bonds, as the Board deems advisable, covering officers and employees of the Association handling and responsible for the Association's funds and personal property, 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 Expenses.

9.02 Committees. The Board of Directors may, by resolution, appoint such committees as deemed appropriate in carrying out its purpose, and such committees shall have the powers of the Board of Directors for the management of the affairs and business of the Association to the extent provided in the resolution designating such a committee. Any such committee shall keep regular minutes of its proceedings and shall report the same to the Board of Directors.

9.03 Managing Agent. The Board of Directors shall be authorized to employ the services of a manager or managing agent, who may either be a Director, Officer, or employee of the Association, or an

independent person or firm qualified to manage the Property and affairs of the Subdivision under the supervision of the Board. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the Board.

## ARTICLE X OFFICERS

10.01 *Election.* The executive officers of the Association shall be a President, a Vice-President, a Secretary, and a Treasurer. The officers shall be elected annually by the Board of Directors. Any two or more offices may be held by the same person, except the President shall not also be the Secretary. All executive officers shall be elected from the duly elected or appointed Board members.

10.02 *Term.* Each officer shall hold office for the term of one year and until his successor shall have been appointed or elected and qualified, provided that any officer may succeed himself.

10.03 *Special Appointments.* The Board may appoint such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

10.04 *Resignation and Removal.* Any Officer may be removed from office either with or without cause by the vote of a majority of the Directors present at any meeting. Any Officer may resign at any time by giving written notice to the Board. Such resignation shall take effect on the date of receipt or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

10.05 *Vacancies.* A vacancy in any office shall be filled by a majority vote of the Directors at any meeting. An Officer elected to fill a vacancy shall hold office for term equal to the unexpired term of the Officer he succeeds.

10.06 *Compensation.* An Officer shall not receive any compensation for any service he may render to the Association as an Officer; provided, however, that any Officer may be reimbursed for actual out-of-pocket expenses incurred by him in the performance of his duties.

10.07 *Duties of the President.* The President, who shall be a Director, is the Chief Executive Officer of the Association, and shall have all of the powers and duties that are usually vested in the office of President of an owners association, including but not limited to the following powers:

- a. To preside over all meetings of the Members and of the Board.
- b. To sign as President all deeds, contracts, and other instruments that have been duly approved by the Board.

- c. To call meetings of the Board whenever he deems it necessary in accordance with the rules.
- d. To have the general supervision, direction and control of the affairs of the Association.
- e. To, along with the Secretary, prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

10.08 Duties of the Vice-President. The Vice-President, who shall be a Director, shall have all of the powers and duties that are usually vested in the office of Vice-President of an owners association, including but not limited to the following powers:

- a. To perform the duties and exercise the powers of the President, in the absence or disability of the President.
- b. To assist the President in the exercise of his/her powers and the performance of his duties.

10.09 Duties of the Secretary. The Secretary, who shall be a Director, shall have all of the powers and duties that are usually vested in the secretary of an owners association, including but not limited to the following powers:

- a. To keep a record of all meetings and proceedings of the Board and of the Members.
- b. To keep the seal of the Association, if any, and affix it on all papers requiring said seal.
- c. To prepare and serve such notices of meetings to the Board and the Members required either by law or by these By-Laws.
- d. To keep current records showing the Members of the Association together with their addresses.
- e. To sign as Secretary all deeds, contracts, and other instruments which have been duly approved by the Board, if said instrument requires a second Association signature.
- f. To, along with the President, prepare, execute, certify, and record amendments to the declaration on behalf of the Association.

10.10 Duties of the Treasurer. The Treasurer shall be the financial officer of the Association, and shall have all powers and duties that are usually vested in the treasurer of an owners association, including

but not limited to the following powers:

- a. To receive and deposit in such bank or banks as the Board may from time to time direct, all of the funds of the Association.
- b. To be responsible for and supervise the maintenance of books and records to account for such funds and other Association assets.
- c. To disburse and withdraw said funds as the Board may from time to time direct, and in accordance with prescribed procedures.
- d. To prepare and distribute the financial statements for the Association.
- e. To prepare a record of all receipts and expenditures.
- f. To prepare an account for each Lot, setting forth any shares of Common Expenses or other charges due, the due dates thereof, the present balance due and any interest in Common Surplus.

## **ARTICLE XI** **FISCAL MANAGEMENT**

11.01 *Fiscal Year.* The fiscal year of the Association shall be such as shall from time to time be established by the Association.

11.02 *Annual Budget.* The Board of Directors shall adopt a budget for each fiscal year. The annual budget of the Association shall be detailed and shall show the amounts budgeted by accounts and expense classifications. Expenses shall be estimated for each category and item of the Common Expenses. The budget shall also include reserve accounts for capital expenditures, deferred maintenance, reserves, and contingencies. The amount reserved shall be computed by means of a formula that is based on the estimated life and estimated replacement cost of each reserve item. The budget shall also set forth each Property Owner's proposed Assessment for Common Expenses. Copies of the budget and proposed assessments shall be transmitted to each Member as set forth herein.

11.03 *Adoption of the Annual Budget.* The Board of Directors prepare or cause to be prepared a proposed annual budget for each fiscal year, and shall make available to all Lot Owners at least thirty (30) days prior to the first day of the Association's following fiscal year.

11.04 *Assessments.* Assessments for Common Expenses shall be made in accordance with the Protective Covenants and these By-Laws and the Assessments of the shall be in proportion to his respective ownership interests in the Common Elements. The Board of Directors may cause to be sent to each Lot Owner, on or before the first day of each month, a statement of the Assessment(s) due (whether Annual

(Regular), Special or Individual) . However, the failure to send or receive such monthly statement shall not relieve the Lot Owner of his obligation to make timely payment of said Assessments. If the Board of Directors or Developer does not fix an Annual Assessment in advance of any Annual Assessment period, the Annual Assessment for the period will be the same as for the prior period until the Board or Developer fixes a new Annual Assessment amount. No Property Owner shall be relieved of his obligation to pay his Assessment by abandonment of his Lot or lack of use of the Common Areas. Notwithstanding the preceding, during the time that the Developer is in control of the Association, the Developer shall not be assessed for Common Expenses or for any other matter; provided, however, that the Developer shall be responsible for contributing such sums that are sufficient to pay for any operating short falls of the Association, during the time that the Developer is in control of the Association.

11.05 Reserves for Replacements. The Association, at the discretion of the Board of Directors or Developer, shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas which the Association may be obligated to maintain. The fund shall be maintained out of Regular Assessments and/or any Special Assessments deemed necessary by the Board of Directors or Developer.

11.06 Depository. The depository of the Association shall be such bank or banks and/or savings and loan associations as shall be designated from time to time by the Directors and in which monies of the Association shall be deposited. Withdrawal of monies from such account shall be only by checks signed by such persons as are authorized by the Directors.

11.07 Lien for Expenses. If any Property Owner shall fail or refuse to make any payment of the Common Expenses or other assessment or fine imposed against him when due, the amount due, together with costs, reasonable attorney's fees, and interest thereon at the maximum percentage rate as may then be permitted under the laws of the State of Alabama, from the date of delinquency until collected (unless waived by the Board) in accordance with applicable law, shall constitute a lien on the interest of the Property Owner in the Property.

11.08 Priority of Lien. Any lien of the Owners Association shall be the subject to the rules of priority as stated in the Declaration and other applicable state laws.

11.09 Acceleration of Assessment Installments. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due.

11.10 Default. Remedies for default of any sums due by any Lot Owner to the Association shall be determined in accordance with the Protective Covenants for Eastside Cottages Subdivision.

11.11 Supplemental Assessments. If during the course of any fiscal year, it shall appear to the Board that the Annual (Regular) Assessments, as determined in the annual budget, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall

be delivered to each Lot Owner, and thereupon a supplemental Special Assessment shall be made to each Lot Owner for his proportionate share of the supplemental budget as further described in the Protective Covenants.

11.12 Annual Statement. Within sixty (60) days after the end of each fiscal year, the Board shall make available to all Lot Owners, a statement for the year so ended showing the receipts and expenditures of the Association, and such other information as the Board may deem desirable.

11.13 Accounting Records. The Association shall keep financial records. The Board shall cause to be kept, in accordance with generally accepted accounting principles, a record of all receipts and expenditures; and a separate account for each Lot showing the Assessments or other charges due, the due dates thereof, the present balance due, and any interest in Common Surplus. Such records shall be open to inspection by Property Owners and their authorized agents at reasonable times.

11.14 Information. The Association shall be required to make available to Property Owners current copies of the Declaration, the Articles, these By-Laws, or other Rules and Regulations concerning the Common Areas, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances, with sufficient notice.

11.15 Fidelity Bonds. Fidelity bonds shall be required by the Board from all officers and employees of the Association and from any manager handling or responsible for Association funds and from any employee, agent or subcontractor of a manager handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall be at least the amount of one hundred and fifty percent (150%) of the total annual Assessments against Members for recurring expenses. The premiums on such bonds shall be paid by the Association.

## ARTICLE XII OWNER OBLIGATIONS AND COVENANTS

12.01 Assessment. Every Owner of any Lot in the Subdivision shall contribute pro rata toward the expense of administration, maintenance, alteration, repair and improvement of the Common Areas, as provided in the Articles, the Declaration or these By-Laws. Each assessment against a Lot shall also be the personal obligation of the Owner at the time the assessment fell due. Such personal obligation shall not pass to successors in title unless assumed by such successors, or required by applicable law.

12.02 Maintenance and Repair. Every Owner of any Lot in the Subdivision shall promptly perform all maintenance and repair work, as provided in the Articles, the Declaration or these By-Laws. An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Areas or facilities damaged through the owner's fault.

12.03 Use. The Common Property shall be utilized in accordance with the provisions of the

Declaration, these By-Laws, and the Rules and Regulations of the Association.

**ARTICLE XIII**  
**RULES AND REGULATIONS**

13.01 *Rules and Regulation.* The Board of Directors may from time to time adopt, modify, amend, or add to rules and regulations concerning the use of the Common Property. Notwithstanding the preceding, during the time the Developer is in control of the Association, the Developer shall have the exclusive right to adopt, amend, repeal and enforce any rules and regulations in place. Copies of such rules and regulations, or any amendments, additions, or modifications, shall be delivered to each Property Owner not less than fourteen (14) days prior to the effective date thereof. No rule or regulation that is in conflict with the Owners Association Documents shall be adopted.

**ARTICLE XIV**  
**AMENDMENTS TO THE BY-LAWS**

14.01 *By the Declarant.* The Declarant shall have the right to alter, amend or repeal these By-Laws so long as it has control of the Association.

14.02 *By the Association.* Once the Declarant has relinquished control of the Association, the Association shall have the right to alter, amend or repeal these By-Laws upon the affirmative vote of Members, present in person or by proxy, entitled to cast sixty-seven percent (67%) or more of the votes available to the Members, cast at any meeting called for that purpose. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

14.03 *Prohibited Amendments.* No amendment may be adopted that would eliminate, modify, prejudice, abridge, or otherwise adversely affect any rights, benefits, privileges, or priorities granted to the Developer without the consent of the Developer. No amendment that is in conflict with the Articles or the Declaration, shall be adopted. These By-Laws shall not be amended during the time the Developer is in control of the Association, except by the Developer in its sole discretion.

**ARTICLE XV**  
**MISCELLANEOUS**

15.01 *Construction.* Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of gender shall be deemed to include all genders.

15.02 *Captions.* The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision hereof.

15.03 *Parliamentary Rules.* Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration or these By-Laws.

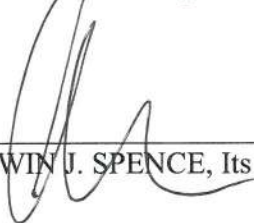


15.04 Conflicts. In the event of any conflict between the provisions of these By-Laws, the Articles and the Declaration, the Declaration shall govern.

15.05 Compliance. These By-Laws are set forth to comply with the requirements of the Alabama Nonprofit Corporation Act and shall be considered an appendage to the Declaration filed prior hereto in accordance with said Act. In case any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the Act will apply.

**IN WITNESS WHEREOF**, the undersigned certifies that the above set of initial By-Laws of Eastside Cottages Property Owners Association, Inc., were duly adopted by the Board of Directors in accordance with the provisions of applicable law.

**EASTSIDE COTTAGES PROPERTY OWNERS ASSOCIATION, INC.  
An Alabama Nonprofit Corporation**

  
By: EDWIN J. SPENCE, Its President

STATE OF ALABAMA       )  
COUNTY OF BALDWIN    )

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that EDWIN J. SPENCE, whose name as President of Eastside Cottages Property Owners Association, Inc., an Alabama Nonprofit Corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day, that being informed of the contents, he, in such capacity, is duly authorized, and has executed the same voluntarily for and as the act of the company on the day the same bears date.

GIVEN under my hand and seal this the 22<sup>nd</sup> day of February, 2018.



  
NOTARY PUBLIC  
My Commission Expires: 10/31/18

*This Instrument Prepared By:*  
*Daniel H. Craven, Esq.*  
*Daniel H. Craven, P.C.*  
*P.O. Drawer 4489*  
*Gulf Shores, AL 36547*  
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