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ARTICLES OF INCORPORATION
OF
GULF SHORES YACHT AND RACQUET CLUB
CONDOMINIUM ASSOCIATION, INC.

We, the undersigned natural persons acting as incorporators of a not for profit corporation under the "Alabama Nonprofit Corporation Act", Code of Alabama 1975, Section 10-3A-1, et seq., and the Condominium Ownership Act, Code of Alabama 1975, Section 35-8-1, et seq., (hereinafter referred to as the "Acts") adopt the following Articles of Incorporation.

I.

NAME

The name of the corporation shall be GULF SHORES YACHT AND RACQUET CLUB CONDOMINIUM 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 GULF SHORES YACHT AND RACQUET CLUB CONDOMINIUM, unless the context otherwise requires.

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III.

PERIOD OF DURATION

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

IV.

PURPOSE

The purposes for which the corporation is organized are:

1. To administer, maintain and operate that certain Condominium known as Gulf Shores Yacht and Racquet Club (the "Condominium"), according to the Declaration of Condominium of Gulf Shores Yacht and Racquet Club (the "Declaration") which has been, or will be, filed of record with these Articles of Incorporation.

2. To maintain the above mentioned Condominium and all common and limited common improvements located thereon, to make payments of insurance premiums, repair expenses, and any other expenses necessary to the maintenance of said property as a condominium and to pay operating expenses of every kind and character whatsoever and any other expenses necessary therefor or to beautify and make other desirable improvements from time to time as this Association shall deem advisable.

3. To maintain or operate said Condominium for the mutual benefit of all of the owners of units located therein, who shall be members herein, and to assess and to collect from the owners of units their pro rata share of costs and expenses incurred under the provisions of the

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

V.

POWERS

The Association shall have all of the powers given it by the Acts and not in conflict with the terms of these Articles, and the Declaration 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 therefor.

(4). To sell, lease, mortgage, or otherwise deal with Units acquired by the Association.

(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

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provisions 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.

(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 Act, the Declaration, the

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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, 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 more than one

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(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 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 expense.

(21). To adopt and establish By-Laws for the operation of the Association.

(22). To exercise all of the authority and powers given and granted to a corporation not for profit as set forth under the Acts except those which may be in conflict with the provisions of these Articles.

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 of Condominium 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

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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 GULF SHORES YACHT AND RACQUET CLUB 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 of Condominium of GULF SHORES YACHT AND RACQUET CLUB CONDOMINIUM 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 five (5) as shall, from time to time, be determined and fixed by a vote of a majority of the voting rights present at any annual meeting of the members. Except as may otherwise be

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provided in 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 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:

Richard Hinton	Post Office Box 2438 Gulf Shores, Alabama 36542
Belinda Peterson	Post Office Box 172 Semmes, Alabama 36575
Ronald H. Hinton	Sun Valley Drive Mobile, Alabama 36619

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:

Richard Hinton	President	Post Office Box 2438 Gulf Shores, Alabama 36542
Belinda Peterson	Secretary- Treasurer	Post Office Box 172 Semmes, Alabama 36575

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X.

INCORPORATORS

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

Gulf Resort Properties, Inc. Post Office Box 2438
Gulf Shores, Alabama
36542

XI.

REGISTERED OFFICE AND AGENT

The initial registered office of the Association is West Gulf Shores Boulevard, Post Office Box 2438, Gulf Shores, Alabama 36542, and the name of the initial agent at that address is Richard Hinton.

XII.

INDEMNIFICATION

The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or proceeding, (if approved by the then Board of Directors of the Corporation) to which he may be made a party by reason of being or having been an officer or director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of

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judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association or former officer or director of the Association may be entitled.

XIII.

ASSESSMENTS

1. To provide the total sum necessary for the insurance, reserve fund for replacements, maintenance and operation of the common elements of the Condominium, each member for each condominium unit owned shall pay a portion of the total amount necessary for such purposes to the Association. The portion to be paid by each member for each condominium unit owned shall be equal to the total sum necessary for such purposes multiplied by a percentage equal to the respective percentage ownership of each unit in the undivided common elements in the Condominium as set forth in the Declaration.

2. The amount of assessment against each member as provided under Paragraph 1 immediately above, shall be assessed by the Association as a lien at the beginning of each annual assessment period. Each assessment shall be due and payable within fifteen (15) days of assessment, and upon default of payment within such period of time, the

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assessment shall be a lien against each condominium unit owned by the defaulting member and against that undivided portion of the common elements owned by the defaulting member, and the Association shall be entitled to enforce the payment of said lien according to the laws of the State of Alabama and to take any other actions for collection from the defaulting party or parties. Any such lien against a condominium unit or against the common elements shall be subordinate to a recorded first mortgage covering such condominium unit.

3. In addition to the annual assessments authorized above, the Association may levy in any assessment year, special assessments for the purpose of defraying, in whole or in part, (a) the cost of any construction, reconstruction, repair or replacement of a capital improvement, including fixtures and personal property related thereto, or (b) the expense of any other contingencies; provided that any such assessments shall have the assent of two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose.

4. Of the total sum approved by the Association to meet the costs and expenses as provided under Paragraph 3 immediately above, each member for each condominium unit owned shall pay to the Association a special assessment equal to the total sum approved for such purposes multiplied by a percentage equal to the respective percentage ownership of each unit in the undivided common elements of the Condominium as set forth in the Declaration.

5. The amount of the special assessment provided for in Paragraphs 3 and 4 above shall be assessed as a lien by

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the Association. Each such assessment shall be due and payable within thirty (30) days of assessment and, upon default of payment within such period of time, shall be a lien against each condominium unit owned by the defaulting member, and the Association shall be entitled to enforce the payment of said lien according to the laws of the State of Alabama and to take any other actions for collection from the defaulting parties.

6. Both annual and special assessments may be collected on a monthly basis or upon such other basis as the Board of Directors for the Association may determine from time to time.

XIV.

RESERVE FOR REPLACEMENTS

The Association shall establish and maintain a reserve fund for replacements by the allocation and payment annually to such reserve fund in such amounts as are established by the Board of Directors. Such fund shall be deposited in a special account with a safe and responsible depository and may be in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund is for the purpose of effecting replacements for structural elements and mechanical equipment of the common elements of the Condominium and for such other purposes as may be determined by the Board of Directors.

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XV.

INSURANCE

The Association shall keep the improvements now existing or hereafter erected on the property of the Association insured against loss by fire and other hazards as provided in the Declaration of Condominium of Gulf Shores Yacht and Racquet Club.

XVI.

DISSOLUTION

The Association shall be dissolved upon the termination of the Condominium in the manner provided in the 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.

XVII.

AMENDMENTS

Amendment of these Articles shall be pursuant to Section 10-3A-40, et seq., Code of Alabama, 1975.

IN WITNESS WHEREOF, the subscriber has hereunto executed this document on this the 2 day of June, 1986.

GULF RESORT PROPERTIES, INC.

By: 

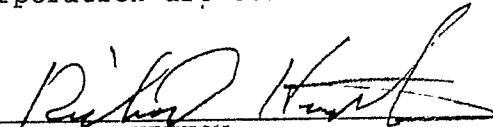
RICHARD HINTON

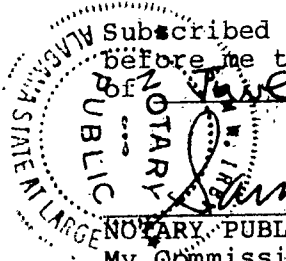
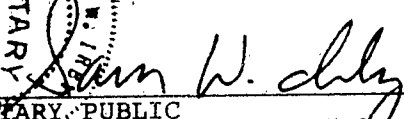
Its: President

STATE OF ALABAMA :

COUNTY OF BALDWIN :

Before me, the undersigned Notary Public in and for said County in said State, personally appeared RICHARD HINTON, being known to me, and who, being by me first duly sworn, deposes and says that he is the President of GULF RESORT PROPERTIES, INC., the intial incorporator of GULF SHORES YACHT AND RACQUET CLUB CONDOMINIUM ASSOCIATION, INC., that he is authorized as President of GULF RESORT PROPERTIES, INC. to make this verification on behalf of the initial incorporator of the Association, and that the facts contained in the above and foregoing Articles of Incorporation are true and correct.


RICHARD HINTON
President

Subscribed and sworn to
before me this 2 day
of June, 1986.


NOTARY PUBLIC
My Commission Expires: May 5, 1988

This Instrument Prepared By:
SAM W. IRBY
Attorney at Law
317 Magnolia Avenue
Post Office Box 1031
Fairhope, Alabama 36533

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