

EXHIBIT "B"

STATE OF ALABAMA  
COUNTY OF BALDWIN

ARTICLES OF INCORPORATION  
OF  
SUGAR BEACH CONDOMINIUM ASSOCIATION, INC.

BE IT KNOWN that we, the undersigned persons acting as incorporators of a corporation under the laws of the State of Alabama, and in particular, the "Alabama Nonprofit Corporation Act" (Section 10-3-1 through Section 10-3-172, Code of Alabama, 1975) and the "Alabama Condominium Ownership Act" (Section 35-8-1 through Section 35-8-22, Code of Alabama, 1975), do hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I

NAME

The name of the corporation shall be: Sugar Beach Condominium Association, Inc. (hereinafter referred to as the "Corporation").

ARTICLE II

PERIOD OF DURATION

The period of existence and duration of the life of this Corporation shall be inperpetuo unless terminated according to the terms of these Articles.

ARTICLE III

PURPOSE

The purposes for which the corporation is organized are:

1. To administer, maintain and operate that certain Condominium known as Sugar Beach Condominium (the "Condominium"), according to the Declaration of Condominium of Sugar Beach (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 Elements located thereon, to make payments of insurance premiums, repair expenses, and any other expenses necessary to the maintenance of said

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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 Corporation 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 Declaration, Articles of Incorporation of the Corporation, and the By-Laws of this Corporation.

#### ARTICLE IV

##### GENERAL POWERS

The powers of the Corporation are as follows:

1. This Corporation shall have the power to own, accept, acquire, grant easements, mortgage and dispose of real and personal property, and to obtain, invest and retain funds, in advancing the purposes stated in Article III above.

2. To transact all business being not for profit consistent with the purposes for which this Corporation is organized and to protect the lawful rights and interests of its members in connection therewith.

3. To purchase a Unit or Units in said Condominium in accordance with the provisions of the Declaration.

4. To exercise all of the authority and powers given and granted to a corporation not for profit as set forth under the "Alabama Nonprofit Corporation Act" except those which may be in conflict with the provisions of these Articles.

5. To exercise all of the authorities and powers given and granted to an association of Unit Owners under and pursuant to the provisions of the "Alabama Condominium Ownership Act" except to the extent that they may be limited by these Articles and by the Declaration.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

There shall be only one (1) class of membership. The members of this Corporation shall be all of the record Owners of Units within the Condominium. Membership in the Corporation shall be established by recordation in the Baldwin County, Alabama, Probate Court Records of a deed of conveyance transferring record title to a Unit in the Condominium and the delivery to the Corporation of an executed true copy of said deed, the owner designated by such instrument thereby automatically becoming a member of the Corporation. Membership shall be appurtenant to and may not be separated from ownership of any Condominium unit which is subject to the Declaration.

Each member shall be entitled to vote at a meeting of the members and shall be entitled to cast the number of votes set forth and established in the By-Laws.

ARTICLE VII

NOT FOR PROFIT CORPORATION

This Corporation shall be without capital stock, will not be operated for profit and will not distribute gains, profits or dividends to any of its members. The members of this Corporation shall not be personally liable for the debts, liabilities or obligations of this Corporation. The purposes of this Corporation shall be served without pecuniary profit to any director or member of the Corporation.

ARTICLE VIII

NAME AND ADDRESS OF INITIAL REGISTERED AGENT

The address of the initial registered office of this Corporation is P. O. Box 1647, Gulf Shores, Alabama 36542 and the name of the initial registered agent at such address is Robert L. Kilpatrick.

ARTICLE IX

BOARD OF DIRECTORS

Except as provided herein, the affairs of this Corporation shall be managed by a board of at least three (3) Directors who must be members

of the Corporation. The number of Directors may be changed by amendment of the By-Laws of the Corporation.

Until such time as a Board of Directors shall be elected according to the provisions contained in the By-Laws, the affairs of the Corporation shall be governed by an Interim Board of Directors, who need not be members of the Corporation, composed of the following three (3) persons:

<u>Name</u>	<u>Address</u>
Robert L. Kilpatrick	P. O. Box 165 Montrose, Alabama 36559
Donald A. Gunnerson	P. O. Box 165 Montrose, Alabama 36559
Richard B. White	P. O. Box 165 Montrose, Alabama 36559

Except as otherwise provided, the Interim Board of Directors shall have the same powers and duties enumerated in these Articles and in the By-Laws for the elected Board of Directors.

The initial By-Laws of this Corporation shall be adopted by its Board of Directors. The power to alter, amend or repeal the By-Laws or adopt new By-Laws shall be vested in the Board of Directors of this Corporation.

#### ARTICLE X

##### INDEMNIFICATION

The Corporation shall indemnify every officer and director of the Corporation 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 other proceeding (including the settlement of any such 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 Corporation whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Corporation shall not be liable to the members of the Corporation for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the

Corporation shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Corporation and the Corporation 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 Corporation or former officer or director of the Corporation may be entitled.

The directors shall exercise their powers and duties in good faith and with a view to the interest of the Corporation and the Condominium. No contract or other transaction between the Corporation and any corporation, firm or association (including the Developer) in which one (1) or more of the directors of this Corporation is a director or officer or is pecuniarily or otherwise interested, shall be either void or voidable for such reason or because such director or directors are present at the meeting of the Board of Directors or any of the committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following paragraphs exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members or a majority thereof and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed.

Common or interested directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction and may vote thereat to authorize any contract or

transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE XI

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 and all expenses incurred in connection therewith, each member for each condominium unit owned shall pay a portion of the total amount necessary for such purposes to the Corporation. 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 Corporation as a lien at the beginning of each annual assessment period. Each assessment shall be due and payable within thirty (30) days of assessment, and upon default of payment within such period of time, the 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 Corporation 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 Corporation 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 a majority (51%) 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 Corporation to meet the costs and expenses as provided under Paragraph 3. immediately above, each member for each Condominium Unit owned shall pay to the Corporation 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 in 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 the Corporation. 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 Corporation 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 quarterly or annual basis as determined by the Board of Directors.

## ARTICLE XII

### RESERVE FOR REPLACEMENTS

The Corporation 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.

ARTICLE XIII

INSURANCE

The Corporation shall keep the improvements now existing or hereafter erected on the Property of the Corporation insured against loss by fire and other hazards. Such insurance shall be evidenced by standard Fire and Extended Coverage Insurance policy or policies in an amount not less than the full insurable replacement cost of the Common Elements.

ARTICLE XIV

DISSOLUTION

The Corporation shall only be dissolved in accordance with Section 10-3-160, et seq. Code of Alabama, 1975.

ARTICLE XV

AMENDMENTS

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

IN WITNESS WHEREOF, the undersigned incorporators have executed these Articles of Incorporation on this the 17 day of August, 1984.

  
ROBERT L. KILPATRICK

  
DONALD A. GUNNISON

  
RICHARD B. WHITE

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