

ARTICLES OF INCORPORATION

OF

THE PENINSULA PROPERTY OWNER'S ASSOCIATION, PHASE ONE, INC.

The undersigned, acting as incorporator for a not-for-profit corporation under the Alabama Non-Profit Corporation Act, Code of Alabama (1975), Section 10-3A-1, et seq., (hereinafter referred to as the "ACT") adopts the following Articles of Incorporation:

ARTICLE ONE

NAME

The name of the corporation is THE PENINSULA PROPERTY OWNER'S ASSOCIATION, PHASE ONE, INC. The corporation is herein referred to as the "PHASE ONE ASSOCIATION".

ARTICLE TWO

DEFINITIONS

The terms used herein shall have the meaning for each stated in the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE PENINSULA, PHASE ONE, (the "PHASE ONE DECLARATION") unless the context otherwise requires.

ARTICLE THREE

PERIOD OF DURATION

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

ARTICLE FOUR

PURPOSES AND POWERS OF THE PHASE ONE ASSOCIATION

This PHASE ONE ASSOCIATION does not contemplate pecuniary gain or profit, direct or indirect, to the MEMBERS. The specific purposes for which the PHASE ONE ASSOCIATION is formed are to provide for maintenance, preservation and architectural control of the LOTS and COMMON AREA within that certain tract of property described as:

THE PENINSULA, PHASE ONE, as per its plat thereof recorded in Slides ~~1562-A~~ <sup>1564</sup> in the records in the Office of the Judge of Probate of Baldwin County, Alabama

(herein the "PHASE ONE PROPERTY")

and to promote the health, safety and welfare of the OWNERS and occupants within the PHASE ONE PROPERTY and any additions thereto

as may hereafter be brought within the jurisdiction of this PHASE ONE ASSOCIATION. The PHASE ONE PROPERTY and the PHASE ONE ASSOCIATION are subject to the terms and conditions of the MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE PENINSULA, A RESIDENTIAL PLANNED COMMUNITY (the "MASTER DECLARATION"). In addition to the foregoing and by way of explanation and not of limitation, the purposes for which the PHASE ONE ASSOCIATION are formed are to:

1. Exercise all of the powers and privileges and to perform all of the duties and obligations of the PHASE ONE ASSOCIATION as set forth in the PHASE ONE DECLARATION and as set forth in the MASTER DECLARATION and recorded or to be recorded in the Office of the Judge of Probate of Baldwin County, Alabama, and as the same may be amended from time to time as therein provided, the PHASE ONE DECLARATION and the MASTER DECLARATION being incorporated herein as if set forth at length;

2. Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the PHASE ONE DECLARATION and MASTER DECLARATION; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the PHASE ONE ASSOCIATION, including all licenses, taxes or governmental charges levied or imposed against the property of the PHASE ONE ASSOCIATION;

3. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the PHASE ONE ASSOCIATION;

4. Borrow money, and with the assent of the vote of two-thirds (2/3) of the total votes entitled to be cast by MEMBERS of the PHASE ONE ASSOCIATION, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

5. Dedicate, sell or transfer all or any part of the COMMON AREA or COMMON PROPERTY to any public agency, authority or utility

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for such purposes and subject to such conditions as may be agreed to by the MEMBERS according to the terms of the PHASE ONE DECLARATION and the MASTER DECLARATION.

6. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex ADDITIONAL PROPERTY and COMMON AREA, according to the terms of the PHASE ONE DECLARATION or the MASTER DECLARATION.

7. Have and to exercise any and all powers, rights and privileges which a corporation organized under the ACT may now or hereafter have or exercise.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers that may now or hereafter be allowed or permitted by Alabama Law or by the PHASE ONE DECLARATION or the MASTER DECLARATION.

#### ARTICLE FIVE

##### NOT FOR PROFIT

The PHASE ONE 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 PHASE ONE 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 PHASE ONE DECLARATION and the MASTER DECLARATION and for the purposes of the PHASE ONE ASSOCIATION. On termination, the PHASE ONE 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 PHASE ONE ASSOCIATION and all proceeds therefrom shall be held and used for the benefit of the MEMBERS of the PHASE ONE ASSOCIATION in accordance with the provisions of the PHASE ONE DECLARATION, the MASTER DECLARATION and these ARTICLES and the BY-LAWS.

#### ARTICLE SIX

##### MEMBERSHIP AND VOTING RIGHTS

This PHASE ONE 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 LOT (as defined in the PHASE ONE DECLARATION) shall be a MEMBER of the PHASE ONE ASSOCIATION. The foregoing is not intended to include PERSONS or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from the ownership of any LOT which is subject to ASSESSMENT by the PHASE ONE ASSOCIATION. The MEMBERS shall enjoy such qualifications, rights and voting rights as may be fixed in the PHASE ONE DECLARATION and in the BY-LAWS of the PHASE ONE ASSOCIATION. Each LOT in the PHASE ONE PROPERTY is subject to assessment in accordance with the terms and conditions of the MASTER DECLARATION. The voting rights of the MEMBERS as set out in the MASTER DECLARATION are incorporated herein by reference.

#### ARTICLE SEVEN

##### BOARD OF DIRECTORS

The property, business and affairs of the PHASE ONE ASSOCIATION shall be managed by a BOARD OF DIRECTORS which shall consist of such number 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. The number of directors may be changed by amendment of the BY-LAWS of the PHASE ONE ASSOCIATION. Except as may otherwise be provided in the BY-LAWS, each director may be either a person designated by the DECLARANT or a person entitled to cast a vote in the PHASE ONE 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 PHASE ONE ASSOCIATION existing under the PHASE ONE 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 LOT OWNERS when such approval is specifically required by the PHASE ONE DECLARATION, these ARTICLES or the BY-LAWS.

The initial BOARD OF DIRECTORS shall be composed of five (5) MEMBERS. The names and addresses of the five (5) 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>
DILANA G. NORMAN	2 Rock Creek Parkway Fairhope, Alabama 36532
ALBERT CORTE, III	2 Rock Creek Parkway Fairhope, Alabama 36532
AMY G. MICHAEL	2 Rock Creek Parkway Fairhope, Alabama 36532
DAVID H. HEAD, JR.	4427 Melissa Way Birmingham, Alabama 35243
RICHARD OGBURN	Head Companies Post Office Box 230 Point Clear, Alabama 36564

**ARTICLE EIGHT**

**BY-LAWS**

The BY-LAWS of the PHASE ONE ASSOCIATION shall be adopted by the BOARD OF DIRECTORS and may be altered, amended, or rescinded in the manner provided by the BY-LAWS.

**ARTICLE NINE**

**OFFICERS**

The affairs of the PHASE ONE 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>
Amy G. Michael	President	2 Rock Creek Parkway Fairhope, Alabama 36532
David H. Head, Jr.	Secretary- Treasurer	2 Rock Creek Parkway Fairhope, Alabama 36532

**ARTICLE TEN**

**INCORPORATOR**

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

<u>NAME</u>	<u>ADDRESS</u>
H/M PARTNERS, L.L.C., an Alabama Limited Liability Company	18300 Scenic Highway 98 Suite B, Post Office Box 230, Point Clear, Alabama 36564



