

ARTICLES OF INCORPORATION

OF

THE PRESERVE NEIGHBORHOOD ASSOCIATION, INC.
(An Alabama Nonprofit Corporation)

TO THE JUDGE OF PROBATE OF BALDWIN COUNTY, ALABAMA:

This is to certify that, for the purpose of forming a corporation pursuant to the provisions of the "Alabama Nonprofit Corporation Act" [1975 Code of Alabama Section 10-3A-1, et seq.], the undersigned does hereby make and file the following Articles of Incorporation.

Article 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings ascribed to them in that certain First Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for The Peninsula, A Residential Planned Community (the "Master Declaration") filed as Instrument No. 582280 in the Office of the Judge of Probate for Baldwin County, Alabama (the "Probate Office"), as supplemented by Supplemental Declaration for the Preserve Neighborhood (the "Preserve Supplement") filed as Instrument No. 646/961 in such office. (The Articles and By-Laws of the Master Association referred to in the Master Declaration, together with the Preserve Supplement, these Articles, and the By-Laws of the Neighborhood Association formed hereunder are collectively referred to as the "Community Documents").

Article 2. Name. The name of the corporation is The Preserve Neighborhood Association, Inc. (sometime hereinafter referred to as the "Neighborhood Association").

Article 3. Nonprofit Corporation. The Neighborhood Association is organized as a nonstock, nonprofit corporation pursuant to the laws of the State of Alabama, Title 10, Chapter 3A, Article 1, et seq., 1975 Code of Alabama.

Article 4. Principal Office. The initial principal office of the Neighborhood Association is located in Baldwin County, Alabama at the following address:

Peninsula Golf Club
10 Peninsula Boulevard
Gulf Shores, AL 36542

Article 5. Duration. The Neighborhood Association shall have perpetual duration.

Article 6. Purposes. The purposes for which the Neighborhood Association is formed are:

(a) to be and constitute the Neighborhood Association for the Preserve Parcel, to which reference is made in the Master Declaration and Preserve Supplement, to perform all obligations and duties of the Neighborhood Association, and to exercise all rights and powers of

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the Neighborhood Association, as specified in the Community Documents, or as provided by provisions of law not inconsistent with the terms and provisions of the respective Community Documents; and

(b) to provide an entity for furtherance of the interests of the Owners of the Lots within the Preserve Parcel (the "Preserve Lots").

Article 7. Powers. The Neighborhood Association shall have all common law and statutory authorities and powers conferred on nonprofit corporations under Alabama law which are necessary or desirable to perform its obligations and duties, and to exercise its rights and powers, under the Master Declaration and Preserve Supplement including, without limitation, the following powers:

(i) to the extent required or permitted to do so under the applicable provisions of the Master Declaration and Preserve Supplement, to manage, control, operate, maintain, repair and improve the Exclusive Common Areas assigned to the Preserve Parcel under the Community Documents from time to time;

(ii) to buy or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, grant easements in, and otherwise deal with real and personal property of all kinds, and any right or interest therein, for any proper purpose of the Neighborhood Association, subject to such limitations as may be set forth in any applicable provisions of the Community Documents;

(iii) to enter into, make, perform, and enforce contracts of every kind and description, and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Neighborhood Association, with or in association with any other party, entity or agency, public or private;

(iv) to adopt, alter and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Neighborhood Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the respective Community Documents;

(v) to engage in activities which will actively foster, promote and advance the common interests of all Owners of the Preserve Lots; and

(vi) to take any other actions, or engage in any other transactions, in furtherance of the purposes of the Neighborhood Association, as may from time to time be approved by the Neighborhood Association's Board of Directors; provided, however, that such actions or transactions may not be inconsistent with or contrary to any provisions of the Community Documents.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law. The powers specified

in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

Article 8. Not-For-Profit Status.

(a) The Neighborhood 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.

(b) Notwithstanding the foregoing, the Neighborhood 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 Community Documents and for the purposes expressed therein.

(c) On dissolution, the Neighborhood Association may make distributions to its Members as permitted by law, and no such payment, benefit or distribution shall be deemed to be dividend or distribution of income.

Article 9. Members.

(a) The Owner of each Preserve Lot shall be a Member of the Neighborhood Association and shall be entitled to vote in accordance with the terms of the Community Documents. Membership is appurtenant to, and inseparable from, ownership of a Preserve Lot.

(b) Change of membership in the Neighborhood Association shall be established by recording in the Probate Office a deed or other instrument establishing record title to any Preserve Lot. Upon such recordation, the Owner designated by such instrument shall become a Member of the Neighborhood Association and the membership of the prior Owner shall be terminated.

(c) The share of a Member in the privileges, rights and assets of the Neighborhood Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance of its, his or her Lot.

Article 10. Directors.

(a) The business and affairs of the Neighborhood Association shall be conducted, managed, and controlled by a Board of Directors. The initial Board shall consist of three directors. The number of directors may be increased in accordance with the By-Laws. Directors may be removed in accordance with the By-Laws.

(b) The names and mailing addresses of the initial directors, who shall hold office until their successors are elected and qualified, or until removed, are as follows:

NAME:	ADDRESS:
Ronald O. Durham	1400 Urban Center Drive, Suite 150 Birmingham, Alabama 35242
Greg Massey	Peninsula Golf Club 10 Peninsula Boulevard Gulf Shores, Alabama 36542
Gary Spivey	1400 Urban Center Drive, Suite 150 Birmingham, Alabama 35242

Article 11. By-Laws. The By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended, or rescinded in the manner provided in the By-Laws. The quorum requirements for meetings of Members, and directors shall be set forth in the Community Documents.

Article 12. Officers.

(a) The affairs of the Neighborhood Association shall be administered by the Officers designated from time to time in accordance with the By-Laws.

(b) The names and addresses of the Officers who shall serve until the election or appointment of their successors in accordance with the By-Laws of the Neighborhood Association are as follows:

NAME	OFFICE	ADDRESS
Ronald O. Durham	President	1400 Urban Center Drive, Suite 150 Birmingham, Alabama 35242
Greg Massey	Vice President	Peninsula Golf Club 10 Peninsula Boulevard Gulf Shores, Alabama 36542
Gary Spivey	Secretary/Treasurer	1400 Urban Center Drive, Suite 150 Birmingham, Alabama 35242

Article 13. Liability of Directors, Officers and Community Members. To the fullest extent that Alabama law, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers and committee members, no director, officer or committee member of the Neighborhood Association shall be personally liable to the Neighborhood Association, the Master Association, or their respective

Members, for monetary damages, or for breach of duty of care or other duty as a director, officer or committee member. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director, officer or committee member of the Neighborhood Association for or with respect to any acts or omissions of such director, officer, or committee member occurring prior to such amendment or repeal. The Neighborhood Association shall indemnify any director, former director, officer, former officer, committee member or former committee member of the Neighborhood Association against liability to the fullest extent permitted under Alabama law.

Article 14. Dissolution. The Association may be dissolved only upon (i) a resolution duly adopted by the Board of Directors (ii) the affirmative vote of Members representing at least two-thirds (2/3) of the votes in the Neighborhood Association and (iii) during the Class "B" Control Period, the written consent of the Declarant. In the event of dissolution, liquidation or winding up of the Association, subject to any contrary provisions of any of the Community Documents, the Neighborhood Association's assets remaining after payment, or provisions of payment, of all known debts and liabilities of the Neighborhood Association shall be delivered and transferred to the Master Association. In the event that acceptance of such delivery and transfer is refused or not available, such assets may be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to similar purposes or if no such entity is found to accept such assets, they may be divided among and distributed to the Members thereof in accordance with their respective rights therein.

Article 15. Merger and Consolidation. The Association may merge or consolidate only upon (i) a resolution duly adopted by the Board of Directors (ii) the affirmative vote of Members representing at least two-thirds (2/3) of the votes in the Association and (iii) during the Class "B" Control Period, the written consent of the Declarant.

Article 16. Amendments. These Articles may be amended only (i) upon a resolution duly adopted by the Board of Directors (ii) the affirmative vote of Members representing at least two-thirds (2/3) of the total votes and (iii) during the Class "B" Control Period, the written consent of the Declarant; provided however, (i) no such amendment shall be in conflict with the Master Declaration and (ii) no Members shall be entitled to vote on any amendment to these Articles which is for the sole purpose of complying with the requirements of any governmental or quasi governmental entity or institutional lender authorized to fund, insure or guarantee mortgages on individual Lots, as such requirements may exist from time to time.

Article 17. Incorporator. The name and address of the incorporator is as follows:

William R. Sylvester
Walston, Wells, Anderson & Bains, LLP.,
505 North 20th Street, Suite 500
Birmingham, Alabama 35203

Article 18. Registered Agent and Address. The Association hereby appoints Greg Massey, whose address in Baldwin County, Alabama is 10 Peninsula Boulevard, Gulf Shores, Alabama 36542 as its lawful statutory agent upon whom all notices and processes, including

service of summons, may be served, and which when served, shall be lawful, personal service upon this corporation. The Board may, at any time, appoint another agent for such purpose and the filling of such appointment shall revoke this or any other previous appointment of such agent.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 10th day of May, 2002.

(SEAL)



WILLIAM R. SYLVESTER

Walston, Wells, Anderson & Bains, LLP
505 20th Street North, Suite 500
Birmingham, Alabama 35203
(205) 251-9600

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:

2002 May -29 3:17PM

Instrument Number 662115 Pages 6
Recording 25.00 Mortgage
Deed Min Tax
Index DP 1.00
Archive 3.00
Adrian T. Johns, Judge of Probate