

STATE OF ALABAMA:
COUNTY OF BALDWIN

ARTICLES OF INCORPORATION
OF
AVALON HOMEOWNER'S ASSOCIATION, INC.

A NONPROFIT CORPORATION
UNDER THE LAWS OF THE STATE OF ALABAMA

BE IT KNOWN that the undersigned, acting as incorporator of a corporation under the laws of the State of Alabama, and in particular, the "Alabama Nonprofit Corporation Act" (Chapter 3A, Code of Alabama, 1975, as amended) does hereby adopt the following Articles of Incorporation for such corporation.

ARTICLE I

NAME: The name of the corporation shall be Avalon Homeowner's Association, Inc. (hereinafter referred to as the "Corporation").

ARTICLE II

PERIOD OF DURATION: The period of duration of the Corporation shall be perpetual unless terminated according to the terms of these Articles.

ARTICLE III

PURPOSE: The purposes for which the Corporation is organized are:

1. To furnish all services reasonably necessary, for the health, comfort, safety, welfare and enjoyment of the lot owners of the subdivision known as Avalon Subdivision, according to plat thereof

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:
2003 September-25 2:30PM
Instrument Number 758889 Pages 7
Recording 25.00 Mortgage
Fee 5.00 Min Tax 5.00
Index DP
Archive 5.00
Adrian T. Johns, Judge of Probate

758889

recorded in Slide 2104-A and as Instrument Number 710602 of the records in the Office of the Judge of Probate of Baldwin County, Alabama, as may be amended from time-to-time.

2. To own, manage and control all of the common areas and improvements thereon located within the exterior boundaries of said subdivision which are intended to be devoted to the common use and enjoyment of the owners of lots in said subdivision, including, but not by way of limitation, the maintenance of any decorative fences, street islands and the detention pond for storm water drainage;

3. To administer, enforce and otherwise act in accordance with those certain Declaration of Conditions, Restrictions and Protective Covenants for said subdivision recorded as Instrument Number 719589 in the office of the Judge of Probate of Baldwin County, Alabama, as may be amended from time to time (the "Covenants"), to the extent provided in the Covenants; and

4. To assess, collect and direct the proper disbursement of the lot owners' pro rata shares of the costs and expenses incurred in the carrying out of said purposes in accordance with these Articles, the Bylaws for the Corporation and the rules and regulations of said subdivision and the Covenants.

ARTICLE IV

GENERAL POWERS: The powers of the Corporation are as follows:

1. The Corporation shall have the power to own, accept, acquire, 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. The Corporation shall have the power 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.

ARTICLE V

NAME AND ADDRESS OF INCORPORATOR: The name and address of the incorporator herein are as follows:

Steven C. Pearson
112 West Laurel Avenue
Foley, Alabama 36535

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS: There shall be only one (1) class of membership. The members of the Corporation shall be all of the record owners of lots within said subdivision. 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 lot in said subdivision and the delivery to the Corporation of an executed true copy of said deed. The owner designated by such instrument shall thereby automatically become a member of the Corporation. Membership shall be appurtenant to and may not be separated from ownership of any lot in said subdivision, and shall cease as to any owner upon transfer of title from such owner to another owner.

Each member shall be entitled to one (1) vote for each lot owned. When more than one (1) person holds an interest in any lot all such persons shall be members. The vote for such lot shall be exercised as they, among themselves, shall determine, but in no event shall more than one (1) vote be cast with respect to any single lot.

ARTICLE VII

NONPROFIT CORPORATION: The 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 the Corporation shall not be personally liable for the debts, liabilities or obligations of the Corporation, but shall be personally liable to the Corporation for their pro rata share of costs and expenses that are attributable to members of the Corporation under these Articles, the Bylaws of the Corporation or the Covenants. The purposes of the 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 name of the initial registered office of the Corporation, and the address of the initial registered office of the Corporation are as follows:

Rance Reehl.
24190 U.S. Highway 98
Fairhope, Alabama, 36532

ARTICLE IX

BOARD OF DIRECTORS: Except as provided herein, the affairs of the Corporation shall be managed by a Board of not less than three (3) directors, who must be members of the Corporation. The number of directors may be changed by amendment of the Bylaws of the Corporation.

Until such time as a Board of Directors shall be elected according to the provision contained in the Bylaws, the affairs of the Corporation shall be governed by an Interim Board of Directors, which directors need not be members of the Corporation, composed of the following five (5) persons:

<u>Name</u>	<u>Address</u>
Rance Reehl	24190 U.S. Highway 98 Fairhope, AL 36532
James R. Ray	P. O. Box 9965 Mobile, AL 36691
Jimmy Pickering	P. O. Box 1961 Fairhope, AL 36533
John Allen	P. O. Box 771 Montrose, AL 36559
Ron Cuny	P. O. Box 1643 Daphne, AL 36526

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

The initial Bylaws of the Corporation shall be adopted by its Board of Directors. The power to alter, amend or repeal the Bylaws or adopt new Bylaws shall be vested in the Board of Directors of the 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 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 subdivision. 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 the 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 paragraph 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; and

(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; and

(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 areas and improvements within the subdivision, each member for each lot 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 lot owned shall be equal to a fraction, the numerator of which shall be the number of lots owned by such lot owner and the denominator of which shall be the total number of lots in the said subdivision, and which the quotient of such fraction shall be multiplied by the total sum necessary for such purposes. As of the date of recordation of these Articles the total number of lots in the said subdivision is twelve (12). The total number of lots in the said subdivision may be increased from time-to-time.


2. The amount of assessment against each member as provided under the paragraph immediately above, shall be assessed by the Corporation as a lien at the beginning of each annual assessment period.

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 costs 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. Each assessment shall be due and payable within thirty (30) days of assessment, and upon default or payment within such period of time, the assessment shall be a lien against each lot owned by the defaulting member and against that undivided portion of the common area 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 lot or against the common area shall be subordinate to a recorded first mortgage covering such lot.

5. Both annual and special assessments shall be collected in the time and manner directed by the Corporation's directors.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set his hand and seal on this the 25th day of September, 2003.



STEVEN C. PEARSON (SEAL)
Incorporator

This instrument is prepared by:

STEVEN C. PEARSON, ESQUIRE
Hand Arendall, L.L.C.
112 West Laurel Avenue
Foley, Alabama 36532