

**ARTICLES OF INCORPORATION**

**OF**

**SANDY FORD PROPERTY OWNER'S ASSOCIATION, INC.  
AN ALABAMA NONPROFIT CORPORATION**

The undersigned, acting as incorporators, does form a corporation under the Alabama Nonprofit Corporation Act, Ala. Code, Section 10-3A-1, et seq. (the "Act") and adopts the following Articles of Incorporation:

**ARTICLE ONE**  
**NAME**

The name of the corporation shall be SANDY FORD PROPERTY OWNER'S ASSOCIATION, INC., an Alabama Nonprofit Corporation (the "Association").

**ARTICLE TWO**  
**DEFINITIONS**

All terms used in these Articles of Incorporation shall have the same meaning given to each of them stated in the Declaration of Covenants, Conditions & Restrictions of SANDY FORD, PHASE I, A PLANNED UNIT DEVELOPMENT (the "Declaration"), as the same may be amended from time to time, unless the context otherwise requires, and are incorporated by reference and made a part of these Articles of Incorporation. In the event of a conflict between the provisions of the Declaration, the Articles of Incorporation or the By-Laws, the Declaration prevails, except to the extent the Declaration is inconsistent with the Act.

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**ARTICLE THREE**  
**PERIOD OF DURATION**

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

**ARTICLE FOUR**  
**NOT FOR PROFIT**

The Association is not organized for pecuniary profit, and the Association shall pay no dividend, and shall distribute no part of the income of the Association to the Members, Directors, or officers. Nevertheless, the Association may pay compensation in

a reasonable amount to the Members, Directors and officers for services rendered, and the Association may confer benefits on the Members of the Association in conformity with the Declaration and for the purposes of the Association. On termination, the Association may make distributions to the Members of the Association 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 properties acquired by the Association and the proceeds from said funds and properties shall be held in trust for the Members of the Association in accordance with the provisions of the Act, the Declaration and the By-Laws of the Association. The Members of the Association shall not be personally liable for the debts, liabilities or obligations of the Association.

#### ARTICLE FIVE PURPOSES

The Association is organized for the purpose of administering, maintaining, operating and managing SANDY FORD, PHASE I, A PLANNED UNIT DEVELOPMENT (the "Development"). The Association shall only have jurisdiction over SANDY FORD, PHASE I, A PLANNED UNIT DEVELOPMENT and such additional property as may be made subject to the terms of the Declaration by the Declarant as provided in the Declaration.

#### ARTICLE SIX POWERS

The Association shall have all the common law and statutory powers of a Nonprofit Corporation and shall have all the powers, duties and authority vested in the Association by the Act, the Declaration or these Articles of Incorporation, including, but not limited to the following:

(1) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration applicable to SANDY FORD, PHASE I, A PLANNED UNIT DEVELOPMENT and as recorded in the Office of the Judge of Probate of Baldwin County, Alabama and as the same may be amended from time to time, the Declaration being incorporated in these Articles of Incorporation 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 Declaration; to pay all expenses in connection with charges or assessments and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the 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 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 Association, mortgage, subject to a security interest, pledge, deed in trust or hypothecate any or all of the real or personal property owned by the Association 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 for such purposes and subject to such conditions as may be agreed to by the Members according to the terms of the Declaration;

(6) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional property and Common Areas, according to the terms of the Declaration; and

(7) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Act may 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 be allowed or permitted by Alabama Law or by the Declaration.

#### ARTICLE SEVEN MEMBERSHIP AND VOTING RIGHTS

The 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 interest or undivided fee interest in any Lot in SANDY FORD, PHASE I, A PLANNED UNIT DEVELOPMENT, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold a mortgage or security interest merely as security for the performance of an obligation, unless and until such holder of a mortgage or security interest has acquired title to the lot pursuant to foreclosure or any proceeding in lieu of foreclosure and the deed evidencing title has been duly and properly recorded at which time such holder of a mortgage or security interest shall become a Member and the debtor's membership shall cease, regardless of whether or not there is an outstanding right of redemption to the lot. Membership shall be appurtenant to and may not be separated from the ownership of any lot. The share of a Member in the funds or assets of the Association cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to the lot. The Members shall enjoy such qualifications, rights and voting rights as may be fixed in the Declaration and in the By-Laws of the Association.

#### ARTICLE EIGHT BOARD OF DIRECTORS

The property, business and affairs of the Association shall be managed by a Board of Directors consisting of a number which is not less than three (3), but not more than five (5), from time to time, as shall be determined and fixed by a vote of a

majority of the voting rights present at any annual or special meeting of the members. Except as may otherwise be provided in the Declaration and the By-Laws, each Director may be either a person designated by the Declarant 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 Declaration and in the By-Laws. All the duties and powers of the Association existing under the Declaration, these Articles of Incorporation and the By-Laws shall be exercised exclusively by the Board of Directors, or the agents, contractors or employees of the Board of Directors, subject only to approval by Owners when such approval is specifically required by the Act, the Declaration, these Articles of Incorporation or the By-Laws.

The initial Board of Directors shall be composed of three (3) Directors. The names and addresses of the three (3) Directors 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>
JAMES P. ACHEE	P. O. Box 1946 Fairhope, Alabama 36533
ROBERT A. CLARK	11160 Lawrence Road Ext. Fairhope, Alabama 36532
DON E. MASON	5 Colonel Wink Drive Gulfport, Mississippi 39507

**ARTICLE NINE**  
**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.

**ARTICLE TEN**  
**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:

<u>Name</u>	<u>Office</u>	<u>Address</u>
JAMES P. ACHEE	President	P. O. Box 1946 Fairhope, Alabama 36533

ROBERT A. CLARK

Secretary-Treasurer

11160 Lawrence Road Ext.  
Fairhope, Alabama 36532

DON E. MASON

Vice-President

5 Colonel Wink Drive  
Gulfport, Mississippi 39507

**ARTICLE ELEVEN**  
**INDEMNIFICATION AND LIMITATION OF LIABILITY**

Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, or any settlement, including counsel fees, reasonably incurred by or imposed upon each Director in connection with any proceeding to which each Director may be a party, or in which each Director may become involved, by reason of said Director being or having been a Director or officer of the Association, whether or not said Director is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of the duties of said Director; provided that in the event of a settlement, the indemnification provided for in these Articles of Incorporation shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

A Director shall not be liable to the Association or the Members of the Association for money damages for any action taken, or any failure to take action, as a Director, except for (i) the amount of a financial benefit received by such Director to which such Director is not entitled; (ii) an intentional infliction of harm by such Director on the Association or the Members; (iii) a violation of the Ala. Code, Section 10-2B-8.33 or any successor provision to such section; (iv) an intentional violation by such Director of criminal law; or (v) a breach of duty of loyalty by such Director to the Association or the Members. If the Alabama Business Corporation Act, or successor statute, is amended to authorize the further elimination or limitation of the liability of a Director of a corporation, or to provide greater rights of indemnification for any officer, Director, agent or employee of a corporation, then the liability of a Director of the Association, in addition to the limitations on liability provided for in these Articles of Incorporation, shall be limited to the fullest extent permitted by the Alabama Business Corporation Act as amended or any successor statute, and the rights of indemnification of such officer, Director, employer or agent shall be similarly enhanced to the fullest extent permitted. Any repeal or modification of this Article Eleven by the Members of the Association shall be prospective only and shall not adversely affect any limitation on the liability or rights of indemnification of a Director of the Association existing at the time of such repeal or modification.

**ARTICLE TWELVE**  
**INCORPORATOR**

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

<b><u>Name</u></b>	<b><u>Address</u></b>
Sandy Ford Land Co., Inc., an Alabama Corporation	19940 County Road 27 Fairhope, Alabama 36532

**ARTICLE THIRTEEN**  
**DECLARANT CONTROL**

The Declarant shall retain Declarant Control of the Association in accordance with the terms and conditions of the Declaration.

**ARTICLE FOURTEEN**  
**REGISTERED OFFICE AND AGENT**

The location address and mailing address of the initial registered office of the Association is 19940 County Road 27, Fairhope, Alabama 36532. The name of the initial agent of the Association at such address is JAMES P. ACHEE.

**ARTICLE FIFTEEN**  
**AMENDMENT**

These Articles of Incorporation may be amended as provided in the Act, provided that no amendment shall be in conflict with the Declaration and provided further that no amendment shall be effective to impair or dilute any rights of any Members that are governed by the Declaration.

**ARTICLE SIXTEEN**  
**RELATED PARTY TRANSACTIONS**

No contract or other transaction between the Association or any Person, firm, association or corporation and no other act of the Association shall, in the absence of fraud, be invalidated or in any way affected by the fact that any of the Directors of the Association are directly or indirectly, pecuniarily or otherwise interested in such contract, transaction or other act, or are related to or interested in (either as Director, stockholder, officer, employee, member or otherwise) such person, firm, association or corporation. Any Director of the Association individually, or any firm or association of which any Director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that the fact that said Director, individually, or such firm or association is so interested,

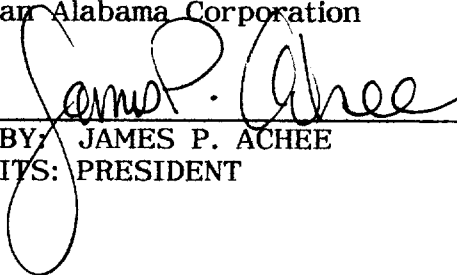
shall be disclosed or known to the Board of Directors or a Majority of the members of the Board of Directors as shall be present at any meeting of the Board of Directors or of any committee of Directors having the powers of the full Board of Directors, at which action upon any such contract, transaction or other act is taken, and if such fact shall be so disclosed or known, any Director of the Association so related or otherwise interested may be counted in determining the presence of a quorum of any meeting of the Board of Directors or of such committee, at which action upon any such contract, transaction or act shall be taken, and may vote with respect to such action with like force and effect as if said Director were not so related or interested. Any Director of the Association may vote upon any contract or other transaction between the Association and any affiliated corporation without regard to the fact that said Director is also a director of such affiliated corporation.

**ARTICLE SEVENTEEN**  
**DISSOLUTION**

The Association shall be dissolved upon the termination of SANDY FORD, PHASE I, A PLANNED UNIT DEVELOPMENT in the manner provided in the Declaration. Upon dissolution of the Association, the assets of the Association, if any, and all money received by the Association from the operations of the Association, 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 Act.

IN WITNESS WHEREOF, the incorporators have caused these Articles of Incorporation to be executed this 15<sup>th</sup> day of November, 2001.

SANDY FORD LAND CO., INC.,  
an Alabama Corporation

  
BY: JAMES P. ACHEE  
ITS: PRESIDENT

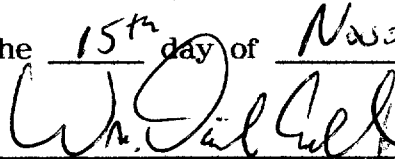
ATTEST:

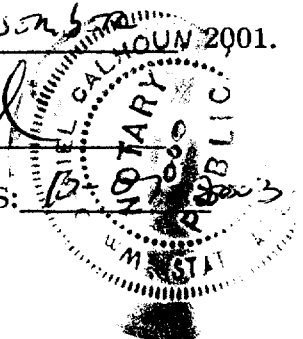
  
BY: ROBERT A. CLARK  
ITS: SECRETARY

STATE OF ALABAMA  
COUNTY OF BALDWIN

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that James P. Advice and Robert A. Clark, whose names as President and Secretary, respectively of SANDY FORD LAND CO., INC., AN ALABAMA CORPORATION, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal this the 15<sup>th</sup> day of November 2001.

  
NOTARY PUBLIC  
MY COMMISSION EXPIRES: 12-31-2003



THIS INSTRUMENT PREPARED BY:  
DUCK, CALHOUN & TAYLOR  
Wm. Daniel Calhoun  
Attorney at Law  
Post Office Box 1188  
Fairhope, Alabama 36533  
Telephone: (251)928-2191

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

2001 November -15 3:22PM

Instrument Number 626488 Pages 8  
Recording 25.00 Mortgage  
Deed Min Tax  
Index DP 1.00  
Archive 3.00  
Adrian T. Johns, Judge of Probate