

**MAGNOLIA PLAZA CONDOMINIUM
AUBURN, ALABAMA**

Offering Statement

August 10, 2005

OFFERING STATEMENT

MAGNOLIA PLAZA CONDOMINIUM

THIS OFFERING STATEMENT CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.

THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS, AND SALES MATERIALS.

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS OFFERING STATEMENT AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

SUMMARY OF REQUIRED DISCLOSURES

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ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS OFFERING STATEMENT AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

THE CONDOMINIUM IS BEING SOLD AS FEE SIMPLE INTERESTS.

THIS IS NOT A PHASE CONDOMINIUM.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

THERE IS A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY.

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER THE MAJORITY OF THE UNITS HAVE BEEN SOLD.

THE LEASING OF UNITS IS RESTRICTED OR CONTROLLED.

This agreement is voidable by buyer by delivering written notice of the buyer's intention to cancel within 7 (seven) days after the date of execution of this agreement by the buyer, and receipt by buyer of all of the items required to be delivered to him by the developer under Section 35-8A-403 through 35-8A-406, Ala. Code (1975). This agreement is also voidable by buyer by delivering written notice of the buyer's intention to cancel within 7 (seven) days after the date of receipt from the developer of any amendment which materially alters or modifies the offering in a manner that is adverse to the buyer. Any purported waiver of these voidability rights shall be of no effect. Buyer may extend the time for closing for a period of not more than 7 (seven) days after the buyer has received all of the items required. Buyer's right to void this agreement shall terminate at closing.

OFFERING STATEMENT

1. Declaration of Condominium

- Exhibit "A" Survey, Site Plan for Development and Floor Plans for Development
- Exhibit "B" Association Articles of Incorporation
- Exhibit "C" Association Bylaws
- Exhibit "D" Percentage Interest in Common Elements
- Exhibit "E" Management Contract
- Exhibit "F" Condominium Rules and Regulations

2. Annual Estimated Operating Budget and Estimated Monthly Association Assessment by Unit Type

3. Form Purchase Agreement.

4. Receipt for Condominium Documents

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MAGNOLIA PLAZA, A CONDOMINIUM

OFFERING STATEMENT

1. **Description of Condominium.**

a. Name and Location. The name of the condominium is MAGNOLIA PLAZA CONDOMINIUM (the "Condominium"). The Condominium is located in Lee County, Alabama, at 145 E. Magnolia Avenue, Auburn, Alabama.

b. Fee Simple Interests.

THE CONDOMINIUM IS BEING SOLD AS FEE SIMPLE INTERESTS.

2. **Description of Accommodations and Facilities.**

a. Maximum Number and Type of Units.

This Condominium is not a phase condominium. The Condominium consists of one (1) buildings with five (5) floors. Floor one shall contain three (3) Commercial Units, subject to revisions as authorized in the Condominium Declaration and floor two shall contain one (1) Commercial Unit, subject to revisions as authorized in the Condominium Declaration. Floors three through five will each contain fourteen (14) Residential Units. The Residential Unit types will be twelve (12) 1BR/1BA and thirty (30) 2BR/2BA. The legal description and site plan is more fully set forth in the attached Exhibit "A".

b. Completion Date and Developer Right to Make Changes.

The estimated date of the completion of construction, finishing and equipping of the Condominium is set forth in Article XX of the Declaration. As provided in Article XX of the Declaration and as permitted under Alabama law, the Developer reserves the right to make certain changes in the plans and specifications.

3. **Description of Recreational and Other Commonly-Used Facilities Used Exclusively by Purchasers.**

Condominium shall have commonly-used facilities, as shown on the survey Condominium Plat.

4. **No Recreational or Other Commonly-Used Facilities Not Used Exclusively by Purchasers.**

There are no recreational or other commonly-used facilities other than those depicted as Common Elements on the Condominium Plat.

5. **No Recreational Facilities Leases, Club Memberships or User Fees.**

None of the recreational facilities or other facilities offered by the Developer for use by the purchasers will be leased or will have club memberships associated with them. See Article VIII of the Declaration, which is attached as Exhibit 1 to this Offering Statement, for more information regarding each Owner's obligation to pay assessments for Common Expenses and the Association's lien rights in the event of non-payment.

6. **Status of Title to the Real Property.**

Title to the real property underlying the Condominium is subject to the following:

a. **Encumbrances.** The Developer is the fee simple owner of the property comprising the Condominium. There are no existing or intended easements located or to be located on the Condominium Property other than those described in the Declaration, which is attached to the Offering Statement as Exhibit 1 or which are described above.

b. **Closing.** Upon the closing of the purchase of a Unit, the Developer will cause any mortgage to be released as to that Unit or shall have such mortgage satisfied. Each purchaser's Unit shall be free and clear of all liens, encumbrances, defects, judgments, leases and mortgages except that each such Unit shall be subject to the following matters of title; (i) the Declaration of Condominium and all exhibits attached thereto; (ii) any mortgage placed upon the purchaser's unit in connection with purchase money financing; (iii) taxes and assessments for the year of closing and subsequent years, including but not limited pending and certified governmental liens, and (iv) any restrictions, reservations, conditions, limitations and easements placed of record prior to purchase or imposed by governmental authorities having jurisdiction or

control over the property. Developer reserves the right to place a mortgage(s) on the Condominium Property in connection with the development and construction of the project.

7. **Additional Recreational Facilities.**

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION

Pursuant to Article XX of the Declaration, which is attached as Exhibit 1 to this Offering Statement, the Developer has reserved the right, but not the obligation, to add recreational facilities to the Condominium without the consent of Unit Owners as part of the development of the Condominium. Any recreational facilities added to the Condominium Property by Developer shall be constructed at the sole expense of Developer and maintained at the sole expense of the Association.

8. **Leasing of Units.**

UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

The Developer retains the right to lease Units in the Condominium. The Developer may also sell Units subject to individual Unit leases or Units which have previously been leased.

9. **The Managing Entity**

THERE IS A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH PORTER PROPERTIES, LLC

A copy of the Management Contract is attached as Exhibit "E" to the Declaration of Condominium, which is attached to this Offering Statement as Exhibit 1. Magnolia Plaza Condominium Owners Association, Inc., an Alabama non-profit corporation (the "Association") is the entity responsible for the maintenance and operation of the condominium. The Association has contracted with Porter Properties, LLC (the "Management Company"), an affiliate entity of Developer, for the purpose of delegating all of the Association's management, maintenance and operational duties for the Condominium to the Management Company.

The Management Contract has an initial term of 1 year commencing August 1, 2005, and shall be automatically renewed for successive one-year periods unless terminated earlier in accordance with Alabama law or the terms of the Management Contract. The Management Contract also provides that the management fee will be \$1,500.00 per month for the first year.

The services to be provided by the Management Company pursuant to the Management Contract include procuring and supervising maintenance personnel; contracting for the security, maintenance and repair of the Condominium property; ensuring compliance by the Association and all of its members and guests with all laws, statutes, ordinances and rules of all appropriate governmental authorities; ensuring that all tools, equipment and supplies necessary to properly maintain and operate the Condominium are obtained and maintained; ensuring that all insurance required by the Condominium documents is obtained and kept in full force and effect; ensuring that the Association's financial record books, accounts and other records are maintained in accordance with the Alabama Uniform Condominium Act, Title 53, Chapter 8A, Ala. Code (1975) and the Association's Bylaws, a copy of which are attached as Exhibit "C" to the Declaration; ensuring that all maintenance assessments are collected and deposited in a special bank account or accounts, ensuring that annual financial report is provided to all owners itemizing all receipts and expenditures for the previous year; arranging for annual independent review or audit to be conducted by a certified public accountant; ensuring that the provisions of the Condominium documents are enforced by all legal means; and employing such other professionals as may be reasonably required to carry out its duties under the Management Contract.

10. **Developer's Control of the Association.**

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER THE MAJORITY OF THE UNITS HAVE BEEN SOLD.

The Developer will control the Association through the appointment of a majority of the board of directors until such time as transfer of control of the Association is required by Alabama law. See Article IX, Section 9.6 of the Declaration, a copy of which is attached to this Offering Statement as Exhibit 1, for further details.

11. **Sale, Lease or Transfer Restrictions.**

THE LEASING OF UNITS IS RESTRICTED OR CONTROLLED

Units in the Condominium are offered for sale for personal use and enjoyment only and should not be purchased by any prospective purchaser for resale or as an investment opportunity or with any expectation of achieving rental income, capital appreciation, or any other financial return or valuable benefit, including but not limited to any tax benefit.

- a. **Sale or Other Transfer.** The sale of Units is not restricted or controlled.

b. Lease or Rental. Owners may lease or rent their Units in whole or in part for occupancy, and no approval by the Association or Developer shall be necessary therefor. Owners shall be specifically permitted to rent portions of Units, it being the intention of Developer to permit the Owner to rent individual bedrooms within a Unit to separate and unrelated persons. However, all lessees, as well as guests of Owners, shall be required to abide by the terms and conditions of the Declaration as well as all Rules and Regulations adopted by the board of directors of the Association from time to time, as well as any applicable federal, state or local codes and ordinances..

For more details regarding restrictions on the alienability of Units, see Article XIII of the Declaration, which is attached as Exhibit 1 to this Offering Statement.

12. **Restrictions on Use of Units and Facilities.**

There are several restrictions on the use of the Units and facilities of the Condominium. Refer to Article XII of the Declaration, a copy of which is attached to this Offering Statement as Exhibit 1; and to the Condominium Rules and Regulations promulgated by the board of directors of the Association, a current copy of which is attached as Exhibit "D" to the Declaration. There are no restrictions upon children on the Condominium property. Certain types of pets are prohibited.

13. **Utilities.** Utilities and other services for the Condominium are set forth below:

SERVICE	SUPPLIER
Electricity	Alabama Power
Sewage	City of Auburn
Water	Water Works Board, City of Auburn
Storm Drainage	On-Site and City of Auburn
Waste	City of Auburn
Telephone	BellSouth
Cable TV	Charter Communications

The Association reserves the right to sub-meter water and sewer.

14. **Apportionment of Common Expenses and Common Elements**

Each Unit in the Condominium has appurtenant to it an equal share of the common expenses and common surplus and an undivided interest in the Common Elements of the Condominium as set forth in Article VI of the Declaration attached to this Offering Statement as Exhibit 1.

15. **Annual Estimated Operating Budget: Developer Guaranty.** The estimated operating budget for the Condominium for the 12 months following recordation of the Declaration of Condominium and a schedule of the purchaser's projected expenses are set forth in Exhibit "2" to this Offering Statement. The Estimated Operating Budget is based on 42 Residential Units and two floors of Commercial Units. Until August 31, 2006, the Developer will pay the balance of any Common Expenses not fully paid by assessments against Unit Owners. The obligation of Unit Owners to pay assessments for Common Expenses is a personal obligation and the failure of any Unit Owner to pay such assessments may result in the filing of a lien against such Unit.

16. **Condominium Conversion.** No representations are made in regards to the approximate age of structural components and mechanical and electrical installations which are material to the use and enjoyment of the buildings, and there are no outstanding notices of uncured violations of building code or other municipal regulations.

17. **Closing Costs.** As set forth in Paragraph 13 of the Purchase Contract, a specimen copy of which is attached to this Offering Statement as Exhibit "3", at the time of closing, Seller shall credit Purchaser up to Three Thousand Dollars (\$3,000.00) to be applied towards the below-listed closing or settlement costs if the transaction is closed by Seller's approved attorneys (Akridge & Balch, P.C. of Auburn, Alabama). It is understood that the only actual closing costs of Purchaser will be paid up to this amount, and that this is not to be considered as a simple credit against purchase price. Closing costs eligible for this credit are expressly limited to:

- attorney's fees of Seller's approved attorney;
- title search and abstract fees;
- recording fees, deed tax, and mortgage tax;
- lender title insurance premiums (Seller reserves the exclusive right to designate the title insurance agency which shall issue the owner and/or lender title insurance);
- loan origination fees;
- flood certification fees; and
- appraisal fees

Unless specifically listed above, all other closing or settlement costs are NOT eligible for the credit, and are the sole responsibility of the Purchaser, including, but not limited to: homeowner's insurance premium, owner's title insurance premiums, lender's title insurance premium in excess of \$75.00 if Purchaser declines owner's title insurance, charges for credit report, discount points, initial escrow contributions, condominium dues, the initial contribution to the working capital fund of the Magnolia Plaza Condominium Association, Inc. equal to two months condominium

dues, interim interest, broker commissions, real estate taxes, or fees for attorneys, consultants, or other professional representatives not expressly authorized in advance by Seller, or any other prepaid items. Accordingly, Purchaser may not be entitled to receive the full closing cost credit from Seller, depending upon the type of costs incurred by Purchase and the amounts thereof.

At the time of Closing, Purchaser shall contribute to the Association an amount equal to two (2) times the Purchaser's estimated monthly condominium assessment as determined at the time of Closing. This sum shall be used for initial expenses and is not in lieu of the applicable monthly fees. Any balance remaining after payment of expenses shall be deposited to the general Association fund.

18. **Description of Developer**. The developer of this condominium is RPM/Magnolia Plaza, LLC, an Alabama limited liability company. The sole Member of RPM/Magnolia Plaza, LLC is RPM Holdings, LLC. This project is the first condominium development undertaken by RPM/Magnolia Plaza, LLC.

AMENDMENT NO. 1
TO
OFFERING STATEMENT
OF
MAGNOLIA PLAZA CONDOMINIUM

Developer hereby amends the Offering Statement as follows:

1. Section 17 of the Offering Statement is hereby amended to read as follows in its entirety:

17. **Closing Costs.** All closing costs, other than real estate commission, will be the responsibility of the Purchaser. At the time of Closing, Seller shall credit Purchaser up to Three Thousand Dollars \$3,000.00 (Closing Contribution Amount) to be applied towards the closing costs if the transaction is closed by Seller's approved attorneys (Akridge & Balch, P.C. of Auburn, Alabama). It is understood that the only actual closing costs of Purchaser will be paid up to this amount, and that this is not to be considered as a simple credit against purchase price. Closing costs eligible for this credit are expressly limited to:

- attorney's fees of Seller's approved attorney;
- title search and abstract fees;
- recording fees, deed tax, and mortgage tax;
- lender title insurance premiums (Seller reserves the exclusive right to designate the title insurance agency which shall issue the owner and/or lender title insurance);
- loan origination fees;
- flood certification fees; and
- appraisal fees
- termite infestation reports, and
- deed preparation

Unless specifically listed above, all other closing or settlement costs are NOT eligible for the credit, and are the sole responsibility of the Purchaser, including, but not limited to: homeowner's insurance premium, owner's title insurance premiums, lender's title insurance premium in excess of \$75.00 if Purchaser declines owner's title insurance, charges for credit report, discount points, initial escrow contributions, condominium

dues, the initial contribution to the working capital fund of the Magnolia Plaza Condominium Association, Inc. equal to two months condominium dues, interim interest, broker commissions, real estate taxes, or fees for attorneys, consultants, or other professional representatives not expressly authorized in advance by Seller, or any other prepaid items. Accordingly, Purchaser may not be entitled to receive the full closing cost credit from Seller, depending upon the type of costs incurred by Purchase and the amounts thereof.

At the time of Closing, Purchaser shall contribute to the Association an amount equal to two (2) times the Purchaser's estimated monthly condominium assessment as determined at the time of Closing. This sum shall be used for initial expenses and is not in lieu of the applicable monthly fees. Any balance remaining after payment of expenses shall be deposited to the general Association fund.

This Section 17 of the Offerings Statement addressing closing costs is subject to change, and in the case where the terms of this Section 17 of the Offering Statement conflict with any terms concerning closing costs set forth in the Purchase and Sales Agreement executed by the Purchaser, the terms of the Purchase and Sales Agreement shall prevail.

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DECLARATION OF CONDOMINIUM
OF
MAGNOLIA PLAZA CONDOMINIUM

ARTICLE I

PREAMBLE, NAME AND LEGAL DESCRIPTION

The undersigned, RPM/Magnolia Plaza, LLC, an Alabama limited liability company, whose address is 472 North Dean Road, Suite 200, Auburn, AL 36830, ("Developer"), being the holder of fee simple title to that certain real property located in Lee County, Alabama, and more particularly described hereinafter, does hereby submit such lands as described in Paragraph 1.2 below together with the improvements thereon to the condominium form of ownership in accordance with the provisions of Title 35, Chapter 8A, Ala. Code (1975), and the following provisions:

1.1. Name. The name by which this condominium is to be identified is MAGNOLIA PLAZA CONDOMINIUM (the "Condominium").

1.2. Legal Description. Developer is the owner of that certain real property located in Lee County, Alabama, more particularly described in the attached Exhibit "A", which exhibit is incorporated herein by this reference. The property that is hereby submitted to the condominium form of ownership under this Declaration of Condominium consists of that certain real property set forth in the attached Exhibit "A" together with those easements more specifically and particularly described in Article IV herein.

1.3. Additional Property. Developer shall have the sole right but not the obligation to bring within the scheme of this Declaration, as Additional Property, additional properties within the condominium plan at any time within five (5) years from the date this Declaration has been recorded, which annexation may be accomplished without the consent of the Association, its members, the Owners or occupants of the Condominium Property, any mortgage or lien holder, or anyone else. In the case that HUD, VA and/or FNMA holds, insures or guarantees any mortgages in such existing condominium, no additional property may be added to the existing condominium by developer without the prior written consent of said holder, insurer, and/or guarantor. Furthermore, all improvements on the property to be added must be substantially completed before such property is added to the existing condominium. Any Liens arising in connection with Developer's ownership of and construction of

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improvements upon the property to be added must not adversely affect the rights of the existing unit owners or the priority of first mortgages on units in the existing condominium property. Prior to the addition of the property, all taxes and assessments for the property to be added, must be paid or otherwise provided for by the Developer.

1.4 Method of Annexation. The additional property to be annexed under this Article shall be made by filing of record a Supplemental Declaration of Additional Property with respect to the additional property which shall extend the scheme of the covenants and restrictions of this declaration to such additional property. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to the terms of this Declaration for the purpose of annexing property to the scheme of this Declaration and extending the jurisdiction of the Association to the Additional Property.

Owners, upon recordation of any Supplemental Declaration shall also have a right and non-exclusive easement of use and enjoyment in and to the Condominium Property within the real property so annexed and an obligation to contribute to the operation and maintenance of such Condominium Property within the annexed lands.

Any Supplemental Declaration recorded in accordance with the terms herein shall be conclusive in favor of all persons who rely thereon in good faith. From and after recordation of any Supplemental Declaration, the Additional Property described in said Supplemental Declaration shall be subject to the provisions of this Declaration and to the jurisdiction of the Association.

1.5. Adjustment for Additional Property. If additional property is added, the voting rights, assessment obligations and the like shall be adjusted accordingly.

ARTICLE II

DEFINITIONS

The terms used in this Declaration and in its exhibits, including the Articles of Incorporation and Bylaws of the Association, shall be defined in accordance with the provisions of Title 35, Chapter 8A, Ala. Code (1975) and as follows unless the context otherwise requires:

2.1. Ad Valorem Real Estate Taxes shall mean those real property taxes assessed against the Units and their respective undivided interests in the Common Elements by the Tax Assessor for Lee County, Alabama.

2.2. Articles of Incorporation shall mean the Articles of Incorporation of the

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LEE COUNTY

Association, as they may be amended from time to time. A copy of the present Articles of Incorporation are attached hereto as Exhibit "B" and incorporated herein by reference.

2.3 Association shall mean Magnolia Plaza Condominium Owners Association, Inc., a non-profit Alabama corporation, and its successors, which is responsible for the operation of the Condominium.

2.4 Association Property shall mean any real and personal property owned by the Association including, but not limited to, all furnishings, fixtures and other personal property contained within the Condominium Property that are not the property of an individual Owner.

2.5 Bylaws shall mean the Bylaws of the Association as they may be amended from time to time. A copy of the present Bylaws are attached hereto as Exhibit "C" and are incorporated herein by reference.

2.6 Title 35, Chapter 8A, Ala. Code (1975) shall mean the provisions of Title 35, Chapter 8A, Ala. Code (1975), as the same are constituted on the date of the recording of this Declaration.

2.7 Common Elements shall mean all of those items defined in Title 35, Chapter 8A, Ala. Code (1975) as Common Elements and those items hereinafter declared to be included within the Common Elements.

2.8 Common Expenses shall include:

a. Expenses of administration and management of the Condominium Property and of the Association including, but not limited to, compensation paid by the Association to a manager, accountant, attorney or other employee or independent contractor.

b. Expenses of maintenance, operation, repair and replacement of the Common Elements, as well as all other costs and expenses properly incurred by the Association.

c. Expenses declared Common Expenses by the provisions of this Declaration or the Condominium Documents or Title 35, Chapter 8A, Ala. Code (1975).

d. Any valid charge against the Condominium Property as a whole.

e. All costs and expenses incurred by the Association in connection with regulatory compliance.

f. All reserves for replacement and maintenance of the Condominium Property as required by Title 35, Chapter 8A, Ala. Code (1975).

Common Expenses shall not include Ad Valorem Real Estate Taxes assessed against each Condominium Parcel but shall include any and all taxes assessed against Association Property.

2.9. Common Surplus shall mean any excess of all receipts of the Association over the amount of Common Expenses.

2.10. Condominium shall mean and refer to The Magnolia Plaza Condominium.

2.11. Condominium Documents shall include this Declaration, together with all exhibits attached hereto and all other documents expressly incorporated herein by reference, as the same may be amended from time to time.

2.12. Condominium Parcel is a Unit, together with the undivided share in the Common Elements and Common Surplus which are appurtenant to the Unit.

2.13. Condominium Property means and includes the lands, leaseholds, easements and personal property including, but not limited to, the Common Elements that are subjected to condominium ownership from time to time as part of this Condominium, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with this Condominium.

2.14. Condominium Rules and Regulations shall mean and refer to the rules and regulations concerning the use of Condominium Property as may be promulgated and amended from time to time by the Association in the manner provided by its Articles of Incorporation and Bylaws. A copy of the initial Condominium Rules and Regulations are attached hereto as Exhibit D.

2.15. Declaration shall mean this Declaration of Condominium of Magnolia Plaza Condominium, as it may lawfully be amended from time to time, pursuant to the provisions hereof.

2.16. Developer shall mean RPM/Magnolia Plaza, LLC, an Alabama limited liability company, its successors and assigns. No party other than RPM/Magnolia Plaza, LLC, shall exercise the rights and privileges reserved herein to the Developer unless such party shall

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receive and record in the Office of the Judge of Probate of Lee County, Alabama, a written assignment from RPM/Magnolia Plaza, LLC, of all or a portion of such rights and privileges.

2.17. Limited Common Elements means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units.

2.18. Management Company shall mean any entity, and its successors and assigns, engaged to manage the Condominium pursuant to the Management Contract.

2.19. Management Contract shall mean the agreement between the Association and any Management Company which provides for the ongoing management of the Condominium.

2.20. Mortgagee shall mean the Developer (and any successor-in-interest to the Developer as to a purchase-money mortgage), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), or any trust, savings and loan association, credit union, mortgage company, bank, insurance company, or commercial loan company licensed to do business in the State of Alabama, to the extent that any of the same hold a first mortgage encumbering any Unit.

2.21. [Reserved]

2.22. Unit means a condominium unit as that term is defined in Title 35, Chapter 8A, Ala. Code (1975) and in Article V of this Declaration and refers to that part of the Condominium Property which is subject to exclusive ownership by one or more persons.

2.23. Utility Services shall include, but not be limited to, electric power, cable television, water, garbage and sewage disposal and telephone service, and all other public service and convenience facilities.

ARTICLE III

EXHIBITS

The Exhibits referred to in this Declaration shall include the following:

3.1. Exhibit "A". A legal description and a survey of the initial land committed to the condominium form of ownership pursuant to this Declaration, together with a graphic description of the Units located therein in a plot plan which, together with this Declaration, are

of sufficient detail to identify the Common Elements and each Unit and their relative locations and approximate dimensions. As set forth in Exhibit "A", each Unit is identified by a number so that no Unit bears the same designation as any other Unit. Copies of the survey are also recorded in Condominium Plat Book 3, Page 139 in the Office of the Judge of Probate for Lee County, Alabama.

- 3.2. Exhibit "B". The Articles of Incorporation of the Association.
- 3.3. Exhibit "C". The Bylaws of the Association.
- 3.4. Exhibit "D". Percentage Interest in the Common Elements
- 3.5. Exhibit "E". The Management Contract
- 3.6. Exhibit "F". The Condominium Rules and Regulations.

ARTICLE IV

EASEMENTS, LIENS, AND ENCUMBRANCES

The following easements are hereby expressly reserved or have been granted:

4.1. General Easements. Non-exclusive easements over, across and under the Condominium Property are expressly provided for and reserved in favor of the Developer and the Owners and their respective lessees, guests and invitees as follows:

a. Utilities. Easements are reserved over, across and under the Condominium Property as may be required for Utility Service in order to serve the Condominium adequately; including, but not limited to, easements for the purpose of allowing such access rights as are necessary to utilize and service any lift station or utility transformer boxes located within the Condominium Property. Specific utility easements that exist on the Condominium Property, if any, are set forth in Exhibit "A" attached hereto.

b. Encroachments. In the event that any Unit shall encroach upon any of the Common Elements or upon any other Unit, or in the event any Common Element shall encroach upon any Unit, then an easement shall exist to permit such encroachment so long as the same shall exist.

c. Traffic. An easement shall exist for pedestrian traffic over, through and across sidewalks, paths, walks, halls, lobbies and other portions of the Common

Elements as may be from time to time intended and designated for such purpose and use; and for vehicular and pedestrian traffic over, through and across such portions of the Common Elements as may from time to time be paved and intended for such purposes, and such easements shall be for the use and benefit of the Owners within this Condominium and those claiming by, through or under the aforesaid; provided, however, nothing herein shall be construed to give or create in any person the right to park any vehicle upon any portion of the Condominium Property except to the extent that space may be specifically designated and assigned for parking purposes. Further, easements shall exist for ingress and egress over such streets, walks and other rights-of-way serving the Units as shall be necessary to provide for reasonable access to the public rights-of-way.

4.2. Association Easements. Except as limited by Section Title 35, Chapter 8A, Ala. Code (1975) the Association may grant easements from time to time over the Common Elements.

4.3. Developer Easements. The Developer hereby reserves the following exclusive easements and rights to grant easements:

a. Marketing, Sales and Rental. The Developer reserves exclusive easement rights over and across the Condominium Property for the purpose of marketing, sales and rental of Units and other accommodations owned or operated by the Developer or one of its affiliates on adjoining properties which are not part of the Condominium.

b. Governmental Requirements. The Developer hereby reserves the right to grant such easements from time to time as may be required by any government agency. Such easements shall specifically include, but not be limited to, any environmental easements required by state or federal environmental agencies for so long as the Developer holds any interest in any Unit subject to this Declaration.

c. Developer Easements. The Developer reserves unto itself, for so long as it holds any interest in any Unit (including leaseholds), specific easement rights over and across the Condominium Property as it may deem necessary for its use from time to time.

d. Construction Easements. The Developer, on behalf of itself and its affiliates, hereby reserves easement rights over, under and across the Condominium Property as is necessary from time to time for the purpose of constructing improvements on property adjacent to and in the vicinity of the Condominium Property, but only if access thereto is otherwise not reasonably available.

4.4. Other Easements, Liens, and Encumbrances. Other easements, if any, may

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have been granted over the Condominium Property as set forth in the survey contained in Exhibit "A" attached hereto. The Condominium Property also is subject to the following:

- a. Taxes and assessments for the year 2005 and subsequent years, not yet due and payable.
- b. Mortgage, Security Agreement and Assignment of Rents and Leases from RPM/Magnolia Plaza, LLC, an Alabama limited liability company to Sterling Bank, dated May 5, 2005, filed for record on May 6, 2005, at 3:18 P.M. and recorded in Mortgage Book 3208, at Page 56 in the Office of the Judge of Probate of Lee County, Alabama.
- c. Easement from J.H. Pitts to Alabama Power Company, filed for record in the Office of the Judge of Probate of Lee County, Alabama., in Deed Book 218, at Page 671.
- d. The subdivision plat of Village Green Subdivision, First Addition of Lot 2, or record in the Office of the Judge of Probate of Lee County, Alabama, in Plat Book 12, at Page 59.
- e. Easement from Cary Duncan Wright and Elizabeth W. Cottier to Alabama Power Company dated July 11, 1963, and filed for record in the Office of the Judge of Probate of Lee County, Alabama, in Deed Book 646, at Page 143.
- f. Easement from Margaret W. Beck and Henry L. Beck to Alabama Power Company date August 1, 1963, and filed for record in the Office of the Judge of Probate of Lee County, Alabama, in Deed Book 646, at Page 145.
- g. Right of Way Easement dated December 27, 1985, from Andrew W. Gentry and Lewis A. Pick, Jr. as Grantors, to Andrew J. Gentry, Jr. filed for record in Book 1223, at Page 394 in the Office of the Judge of Probate of Lee County, Alabama.
- h. Easement from Auburn National Bancorporation, Inc. and Auburn Bank f/k/a Auburn National Bank to RPM/Magnolia Plaza, LLC dated may 6, 2005, for maintenance, use and repair of fire escape and the right of ingress and egress from said easement for said purposes.

ARTICLE V

UNITS

5.1. Description of Units. Each Unit shall include that part of a building containing the Unit that lies within the boundaries of the Unit, which boundaries are as follows:

a. Upper and Lower Boundaries. The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the perimeter boundaries:

(1) Upper Boundaries. One-story Units: The plane of the lowest surface of the unfinished ceiling. Two-story Units: The plane of the lowest surface of the unfinished ceiling of the second-level of the Unit.

(2) Lower Boundaries. The plane of the lowest surface of the top of the unfinished floor slab and the plane of the surface of the top of the unfinished entry floor slab.

(3) Entry Elevations. Entry floor slab elevations at innermost unfinished surface of the exterior wall thereof are equal to the Unit floor slab elevation.

b. Perimeter Boundaries. The perimeter boundaries of the Unit shall be the following boundaries extended to an intersection with the upper and lower boundaries:

(1) Exterior Building Walls. The intersecting vertical plane(s) of the innermost unfinished surfaces of the exterior wall of the building bounding such Unit and as to the entry which is a part of a Unit. Such boundaries shall be the intersecting vertical planes which include all of such structures of the innermost unfinished surface of the exterior concrete floor slab thereof.

(2) Interior Building Walls. The vertical planes of the innermost unfinished surface of the interior walls bounding such Unit extended to intersections with other perimetrical boundaries.

5.2. Limited Common Elements. Each Unit shall include the applicable Limited Common Areas as defined in §35-8A-202(2) and (4) of the Code of Alabama (1975), in addition to the hallway located on each residential floor. In addition, the Condominium

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Owners Association leases from the City of Auburn parking spaces located in the City of Auburn parking structure located adjacent to the Condominium. Each Residential unit owner will be given the right to utilize one (1) parking space per residential unit in said parking structure. Said parking space will be designated and marked for that Unit's use only. The remaining parking spaces leased by the Condominium Owners Association shall be divided amongst the Commercial units as determined by the Developer and within the Developer's sole discretion. Developer shall maintain the sole right to amend and/or revoke the designation of assigned parking spaces to Commercial units, and at such time as Developer no longer owns any units in the Condominium, this designation or parking spaces to Commercial units may only be amended or revoked by the unanimous vote of all of the Members of the Condominium Owners Association. The designation of parking spaces to both Residential and Commercial units shall be subject to the terms of any leases between the Condominium Owners Association and the City of Auburn concerning the rental of said parking spaces.

The Condominiums are assigned Limited Common Elements as reflected on the Condominium Plat, subject to any applicable federal, state or local codes and ordinances. Any Limited Common Elements shall be maintained and replaced by the individual condominium owners.

5.3. Warranty Limitation. EXCEPT FOR THOSE WARRANTIES REQUIRED BY TITLE 35, CHAPTER 8A, ALA. CODE (1975), THE DEVELOPER DOES NOT MAKE ANY WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AND THE DEVELOPER HEREBY DISCLAIMS ANY SUCH WARRANTIES INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND THE OWNERS AND THE ASSOCIATION ASSUME ALL RISK AND LIABILITY RESULTING FROM THE USE OF THIS PROPERTY.

ARTICLE VI

APPURTENANCES

6.1. Appurtenant Interests. Each Unit shall have as an appurtenance thereto an equal undivided share of the Common Elements and Common Surplus as more specifically described on Exhibit "D" attached hereto and by this reference incorporated herein. The Owner of each Unit shall be liable for that share of the Common Expenses which equals the percentage interest in the Common Elements and Common Surplus appurtenant to its Unit. The percentage interest set forth in Exhibit D is based on 42 residential units and 4 commercial units in the Condominium. In the event the Condominium is expanded beyond 46 Units, the

percentage interest of each Unit will be adjusted pro-ratably

6.2. Partition of Common Elements. The share of the undivided percentage interest in the Common Elements appurtenant to each Unit shall remain undivided, and no Owner shall bring, or have any right to bring, any action for partition or division of same.

ARTICLE VII

MAINTENANCE, ALTERATION AND IMPROVEMENT

Responsibility for the maintenance of the Condominium Property, and restrictions upon its alteration and improvement, shall be as follows:

7.1. Units. Common Elements.

a. By the Association. Unless caused by the specific abuse of an Owner or any licensee, guest or tenant of an Owner, the Association shall maintain, repair and replace at the Associations expense:

(1) All Common Elements except as otherwise provided in the Condominium Documents.

(2) All conduits, ducts, plumbing, wiring and other facilities for the furnishing of Utility Services.

b. By the Owner. The responsibility of the Owner for maintenance, repair and replacement shall be as follows:

(1) To not paint or otherwise decorate or change the appearance of any portion of the Condominium Property without the prior written approval of the Association.

(2) To promptly report to the Association upon discovery any defect or need for repairs for which the Association is responsible, including, but not limited to, dripping water leaks, roof leaks, faucet leaks, or other water leaks of any nature, from within or without of the Unit.

(3) To bear in their entirety any expenses of repairs or

replacements to the Condominium Property occasioned by the specific use or abuse by any Owner or any licensee, guest or tenant of said Owner.

(4) To maintain, repair and replace all components, furnishings, carpeting, appliances and other property, real, personal or mixed, located inside or comprising a Unit unless provided otherwise in the Condominium Documents.

7.2. Management Contract. The Association may enter into such management contracts from time to time as it deems necessary to engage the services of a management company to carry out all or part of the maintenance and operational duties and obligations of the Association in accordance with this Declaration. The initial Management Company is Porter Properties, LLC, an affiliated entity of Developer, pursuant to the terms of the Management Contract attached hereto as Exhibit E. In the event that the Management Contract is terminated, the maintenance duties and other obligations of the Condominium will once again be the responsibility of the Association until such time as a suitable management replacement is obtained. Any Management Contract shall provide that at any time after turnover of control of the Association to Owners other than Developer, that the Association shall have the right, without penalty, to terminate the Management Contract upon not more than ninety (90) days advance written notice to the Management Company.

7.3. Association's Access to Units. The Association has the irrevocable right of access to each Unit whenever necessary for maintaining the Common Elements, for making emergency repairs necessary to prevent damage to the Common Elements or to another Unit and for servicing and reading utility lines, valves, conduits and meters.

7.4. Common Elements. The Association shall maintain, repair and replace all Common Elements except as otherwise provided in the Condominium Documents.

ARTICLE VIII

ASSESSMENTS AND COMMON EXPENSES

8.1. Common Expenses. In addition to those items defined as Common Expenses in Article 2.8 above, Common Expenses shall include the following:

a. Repair, replacement and upkeep of the Common Elements including, but not limited to, all storm water drainage and retention areas, recreational facilities, driveways, sidewalks;

b. Casualty and/or liability insurance on the Condominium

Property and fidelity bonds;

c. Utility Services for the Condominium Property not attributable to individual Units;

d. Taxes on Association Property and any other applicable taxes other than Ad Valorem Real Estate Taxes assessed against individual Condominium Parcels; and

e. Any other expenses incurred in the normal operation and maintenance of the Condominium which cannot be attributed to a particular Owner.

8.2. Assessments. The mailing and collection of assessments against each Owner for Common Expenses, for the costs or expenses for which an individual Owner may be solely responsible pursuant to the terms of the Condominium Documents, and for reserves as may from time to time be established by the Association, shall be pursuant to the Bylaws of the Association subject to the following provisions:

a. Interest: Application of Payments. Assessments and installments on such assessments paid on or before five (5) days after the date when due shall not bear interest, but all sums not paid on or before five (5) days after the date when due shall bear interest at the rate of 1.5% per month from the date when due until paid. A late charge equal to the greater of \$25.00 or 5% of the delinquent payment shall also be due on delinquent accounts. All payments on accounts shall be first applied to any interest that has accrued, then to any late charge, then to any costs and reasonable attorney fees incurred in collection, and then to the assessment payment first due. The board of directors shall have the discretion to increase or decrease the amount of late charge and/or interest rate within the limits imposed by law; provided, however, that such increase or decrease shall be made effective by amending the Condominium Rules and Regulations and notifying the Owners of same by regular mail addressed to each Owner at his last known address.

b. Lien for Assessments. The Association shall have a lien against each Condominium Parcel for any unpaid assessments which are due and which may accrue subsequent to the recording of the claim of lien and prior to the entry of a certificate of title, which lien shall also secure any interest, and all reasonable attorneys' fees and costs incurred by the Association incident to the collection process, whether or not legal proceedings are initiated. The lien is effective from and after recording a claim of lien, executed and acknowledged by an officer or authorized agent of the Association, in the Office of the Judge of Probate of Lee County, Alabama, stating the legal description of the Condominium Parcel, the name of the Owner of record, the name and address of the Association, the amount claimed to be due and the due dates. The lien shall continue in effect until all sums secured by the lien

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shall have been fully paid or until such time as is otherwise permitted by law. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of lien, to be prepared by and recorded at such party's expense. All such liens shall be subordinate to any mortgage recorded prior to the date of recording the claim of lien, and all such liens may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage on real property. The Association may also sue to recover a money judgment for unpaid assessments without thereby waiving any claim of lien. In the event a Mortgagee shall obtain title to a Condominium Parcel as a result of the foreclosure of its mortgage, or in the event such Mortgagee shall obtain title to a Condominium Parcel as the result of a conveyance in lieu of foreclosure of its mortgage, such Mortgagee shall be liable for the unpaid Common Expenses and assessments that became due prior to the Mortgagee's acquisition of title, except to the extent that such liability is limited by Title 35, Chapter 8A, Ala. Code (1975). Nothing contained herein shall be construed as a modification of any rights or remedies of the Association pursuant to Title 35, Chapter 8A, Ala. Code (1975), except to the extent that the Condominium Documents allow additional remedies to those expressly set forth in said statute and to the extent that such additional remedies are permitted by said statute.

c. Personal Liability for Unpaid Assessments. Each Owner of a Unit is personally liable for all assessments made against the Unit pursuant to this Declaration and Title 35, Chapter 8A, Ala. Code (1975), and the Association may bring an action for a money judgment against a delinquent Owner to collect all sums due the Association, including interest, late charges, costs and reasonable attorney fees. In the event a Unit is owned by more than one person or entity, such owners shall be jointly and severally liable for all assessments made against the Unit.

d. Payments of Assessments. No Owner may withhold payment of any regular assessment or special assessment or any portion thereof because of any dispute which may exist between that Owner and the Association, the directors of the Association, the Management Company or the Developer or among any of them but, rather, each Owner shall pay all assessments when due pending resolution of any dispute.

e. Notice of Delinquent Assessments. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any delinquency in the payment of assessments or charges owned by an Owner of a Unit subject to the mortgage of such Mortgagee where such delinquency has continued for a period of sixty (60) days.

8.3. Common Surplus. Each Owner shall own a share of the Common Surplus attributable to each Unit owned in accordance with Section 6.1 above.

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8.4. Refunds of Common Surplus. If the Association shall refund all or a portion of any Common Surplus to the Owners for any fiscal year in which the Developer paid any assessment, such refund shall be prorated as of the date of closing of any sale of a Unit upon which the sale was closed by the Developer during such year, and the prorated amount allocable to the period of time of the Developer's ownership shall be refunded directly to the Developer by the Association.

8.5. Certificate. Any Owner shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Unit. The holder of a mortgage or other lien shall have the same right as to any Unit upon which it has a lien. Any person who relies upon such certificate shall be protected thereby.

ARTICLE IX

THE ASSOCIATION

The operation of the Condominium shall be by the Association, which shall fulfill its functions pursuant to the following provisions:

9.1. Membership in Association. Membership of each Owner in the Association shall be acquired pursuant to the provisions of the Articles of Incorporation and Bylaws of the Association. Each Unit shall be entitled to one (1) vote, which vote is not divisible, the numerical value of which shall be the percentage (rounded to four decimal points) of undivided interest in the Common Elements assigned to the Unit of which the Member is the Owner with the total number of votes being 100. The vote for a Unit shall be cast by the Owner thereof in the manner provided for herein and in the By-Laws. However, should the Association be a Unit Owner, it shall not have the voting right for that Unit.

In the event a Unit is owned by one (1) Person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one (1) Person, the Person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, partnership, limited partnership, or limited liability company, the officer, employee or individual entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the president or vice president and attested by the secretary or assistant secretary of the corporation (in the case of a corporation) or by the general partner or partners if more than one (in the case of a partnership or limited partnership) or the managing member if a limited liability corporation, which certificate shall be filed with the Secretary of the Association. If such a certificate is not on file with the Secretary of the

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Association for a Unit owned by more than one (1) Person or by a corporation, partnership or limited partnership, the membership or vote of the Unit concerned may be cast by any record holder, or agent thereof, present at the meeting. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned is effected. A certificate designating the Person entitled to cast the vote of a Unit may be revoked by any Owner thereof.

Notwithstanding the foregoing or any provisions set forth in the Articles of Incorporation for the Association, at no time may the Association members vote on any matter which would dictate, affect or limit the manner of use of the Commercial Units so long as that use is not disallowed by the terms of this Declaration.

9.2. Articles of Incorporation. A copy of the present Articles of Incorporation of the Association, which set forth its powers and duties, are attached hereto as Exhibit "B" and are incorporated herein by reference.

9.3. Bylaws. A copy of the present Bylaws of the Association are attached hereto as Exhibit "C" and are incorporated herein by reference.

9.4. Limitation Upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair portions of the Condominium Property, the Association shall not be liable to Owners for injury or damage other than for the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association or caused by the elements or other Owners or persons.

9.5. Restraint upon Assignment of Shares and Assets. Each Owner's share in the funds and assets of the Association cannot and shall not be assigned, hypothecated or transferred in any manner except as an appurtenance to his Unit.

9.6. Transfer of Control of Association.

a. Owners of Units other than the Developer will be entitled to elect members of the board of directors of the Association as follows:

1) The Owners of Units other than the Developer shall be entitled to elect a majority of the members of the board of directors not later than the earliest of (i) 60 days after conveyance of 75 percent of the Units which may be created to Unit Owners other than Developer; (ii) two years after Developer has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add new Units was last exercised. Developer may voluntarily surrender the right to appoint and remove officers and

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members of the board before termination of that period, but in that event he may require, for the duration of the period of Developer control, that specified actions of the Association or board of directors, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective.

2) Not later than 90 days after conveyance of 25 percent of the Units which may be created to Unit Owners other than Developer, at least one member and not less than 25 percent of the members of the board must be elected by Unit Owners other than the Developer. Not later than 90 days after conveyance of 50 percent of the Units which may be created to Unit Owners other than Developer, not less than 33 1/3 percent of the members of the board must be elected by Unit Owners other than the Developer.

3) Nothing in this subparagraph shall be construed so as to preclude the Developer from relinquishing control of the board of directors at any time the Developer may so elect.

b. The Developer is entitled to elect at least one member of the board of Directors of the Association as long as the Developer holds for sale in the ordinary course of business at least 5 percent of the Units in the Condominium operated by the Association.

c. Following the time the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned Units in the same manner as any other Owner except for purposes of requiring control of the Association or selecting the majority members of the board of directors.

9.7. Management Contract. As set forth in Article 7.2 above, the Association is authorized to contract for management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the Condominium Documents to have approval of the board of directors or members of the Association. A copy of the present agreement for the management of the Association with the Management Company is attached hereto as Exhibit "E". Notwithstanding any provisions contained in the Declaration to the contrary, it is the intent of this Declaration that the ability of the board of directors of the Association to independently terminate the Management Contract without a vote of the Owners as provided in Title 35, Chapter 8A, Ala. Code (1975) shall be governed solely by the terms and conditions of the Management Contract.

9.8. Availability of Documentation. The Association shall be required to make

available to Owners, any Mortgagee and the holders and insurers of the first mortgage on any Unit, current copies of this Declaration, the Articles and Bylaws of the Association and other rules governing this Condominium and other books, records and financial statements of the Association. The Association also shall make available to prospective purchasers current copies of this Declaration, the Association Articles and Bylaws, other rules governing the Condominium and the most recent annual audited financial statement, if such is prepared. "Available" shall at least mean available for inspection upon request, during normal business hours or under other reasonable circumstances.

ARTICLE X

INSURANCE

The insurance other than title insurance, if any, that shall be carried upon the Condominium Property shall be governed by the following provisions:

10.1. Authority to Purchase: Named Insured. All insurance policies upon the Condominium Property shall be purchased by the Association from a fiscally responsible company authorized to do business in the State of Alabama and shall have a minimum term of one year. In selecting an insurance carrier, the Association shall refer to and comply with the criteria set forth in the FNMA Conventional Home Mortgage Selling Contract Supplement and the FHLMC Sellers Guide for specific requirements regarding the qualifications of insurance carriers. The named insured shall be the Association individually and as agent for the Owners, without naming them, and as agent for their Mortgagees. Such policies shall provide that payments by the insurer for losses shall be made to the Association or the Insurance Trustee designated below, and all policies and their endorsements shall be deposited with the Association or the Insurance Trustee. Such policies shall also include a "condominium endorsement" which shall provide for recognition on any insurance trust agreement, waiver of the right of subrogation against Owners individually, that the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively and that the policy is primary in the event the Owners have other insurance covering the same loss. Such policies shall also include, to the extent available and commonly required by prudent institutional mortgage investors in the area, an "Agreed Amount Endorsement", "Inflation Guard Endorsement" and/or "Demolition or Building Code Endorsement".

10.2. Personal Property of Owners. If desired, each Owner shall obtain insurance coverage upon his personal property at his own expense, and such insurance shall not be the responsibility of the Association.

10.3. Coverage.

a. Casualty. All buildings and improvements upon the Condominium Property shall be insured in an amount equal to one hundred percent (100%) of the current replacement cost, exclusive of land, foundation and excavation costs, and all other items normally excluded from coverage, and all personal property owned by the Association shall be insured for its current replacement cost, all as shall be determined from time to time by the board of directors of the Association. Coverage shall afford protection against:

(1) Loss or damage by fire and other hazards normally covered by a standard extended coverage endorsement;

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the Condominium Property, including floods and all other perils normally covered by the standard "all risk" endorsement where such is available, including, but not limited to, vandalism and malicious mischief.

b. Public Liability. Public liability insurance shall be carried in such amounts and with such coverage as shall be required by the board of directors of the Association from time to time; provided, however, that such coverage shall in no event be in an amount less than One Million (\$1,000,000.00) per occurrence. Wherever and whenever it is possible and economically feasible to do so, the board of directors shall attempt to obtain adequate insurance protection in reasonably prudent coverages. Except as required herein, nothing in this Declaration shall be construed to require the board of directors to obtain such coverage as a condition precedent to the Association conducting business.

c. Worker's Compensation. Worker's compensation insurance shall be carried to the extent necessary to meet the requirements of law.

d. Fidelity insurance coverage shall be carried in the name of the Association for all officers, directors and employees of the Association and all other persons handling or responsible for funds of the Association. Where the Management Company has the responsibility for handling or administering funds of the Association, the Management Company shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee. The total amount of fidelity bond coverage required shall be in the amount required for each such officer, director or employee as set forth in Title 35, Chapter 8A, Ala. Code (1975), or in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or Management Company, as the case may be, at any given time during the term of each bond,

whichever is greater, but in no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all Units plus reserve funds. The fidelity bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity bonds shall not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association. Such bonds must also provide that any FNMA servicer, on behalf of FNMA, must also receive such notice of cancellation or modification.

e. Such other insurance may be carried as the board of directors of the Association shall determine from time to time to be desirable.

10.4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

10.5. Insurance Trustee: Share of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and any Mortgagees as their interests may appear and shall provide that all proceeds covering property losses shall be paid to the Association or to a named Insurance Trustee (the "Insurance Trustee") if the board of directors shall so elect. All references to an Insurance Trustee herein shall apply to the Association if the board of directors elects not to appoint an Insurance Trustee. Any Insurance Trustee appointed by the board of directors shall be a commercial bank with trust powers authorized to do business in Alabama or another entity acceptable to the board of directors of the Association. The Insurance Trustee (other than the Association) shall not be liable for payment of premiums nor for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes stated herein for the benefit of the Owners and any Mortgagees in the following shares; provided, however, that such shares need not be set forth on the records of the Insurance Trustee:

a. Proceeds on Account of Damage to Common Elements. Proceeds on account of damage to Common Elements and shall be held in undivided shares for each Owner, such share being the same as the undivided share in the Common Elements appurtenant to each Unit.

b. Units. Proceeds on account of damage to Units when the building or Unit is not to be restored shall be held in undivided shares for each Owner of those Units or Unit, such share being the same as the undivided share in the Common Elements appurtenant to each Owner's interest.

c. Mortgagees. Such insurance policies shall contain the standard mortgage clause or equivalent endorsement (without contribution) which is commonly

accepted by private institutional mortgage investors in the area in which the condominium is located and which appropriately names FNMA and FHLMC, if such corporations are Mortgagees. In the event a Mortgagee endorsement has been issued, any share for the Owner shall be held in trust for the Mortgagee and the Owner as their interests may appear; provided, however, that no Mortgagee shall have the right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions of such proceeds made to the Owner and Mortgagee pursuant to the provisions of this Declaration. Notwithstanding the foregoing, the Mortgagee shall have the right to apply or have applied to the reduction of its mortgage debt any or all sums of insurance proceeds applicable to its mortgaged interest in any of the following events:

(1) When its mortgage is not in good standing and is in default; or

(2) When insurance proceeds are insufficient to restore or repair the Unit to the condition existing prior to the loss and additional monies are not available for such purpose.

10.6. Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners of such proceeds in the following manner:

a. All expenses of the Insurance Trustee shall be paid first or provisions made for such payment.

b. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided herein. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners, remittances to Owners and any Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Mortgagee.

c. If it is determined in the manner provided herein that the damage for which proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners, remittances to Owners and any Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Mortgagee.

d. In making distribution to Owners and any Mortgagees, the

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Insurance Trustee may rely upon a certificate of the Association made by its president and secretary as to the names of the Owners and their respective shares of the distribution.

10.7. Association as Agent and Attorney-in-Fact. The Association is hereby irrevocably appointed agent and attorney-in-fact for each Owner to adjust all claims arising under the insurance policies purchased by the Association and to execute and deliver releases upon the payment of a claim.

10.8. Notice to Owners and Mortgagees. No insurance policy required by this Declaration may be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and each Mortgagee holding a first mortgage and which is listed as a scheduled holder of a first mortgage in the policies. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request therefor.

ARTICLE XI

RECONSTRUCTION OR REPAIR AFTER CASUALTY

11.1. Obligation to Reconstruct or Repair. If any part of the Condominium Property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

a. Common Elements. If the damaged improvement is a Common Element then the damaged property shall be reconstructed or repaired unless it is determined that the Condominium shall be terminated because of damage to Units as set forth in Article 11.1(b) below.

b. Units.

(1) Minor Damage. If the damage is to Units and if less than fifty percent (50%) of the Units are found by the board of directors of the Association to be untenable, the damaged property shall be reconstructed or repaired.

(2) Major Damage. If the damage is to Units and if fifty percent (50%) or more of the Units are found by the board of directors of the Association to be untenable, then the damaged property will be reconstructed or repaired unless within sixty (60) days after the casualty, the holders of ninety percent (90%) of all of the votes of the Association agree in writing to not reconstruct or repair and to terminate the Condominium. Any election to terminate the Condominium after substantial destruction or a substantial taking in condemnation of the Condominium Property must have the prior approval of the

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Mortgagees holding first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by Mortgagees are allocated.

c. Certificate. The Insurance Trustee may rely upon a certificate of the Association made by its president and attested by its secretary as to whether or not the damaged property is to be reconstructed or repaired.

11.2. Plans and Specifications. Any reconstruction or repairs must be substantially in accordance with the plans and specifications for the damaged property as originally constituted or, in lieu thereof, according to the plans and specifications approved by the board of directors of the Association. Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original Condominium plans and specifications unless the approval of the Mortgagees holding first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such Mortgagees are allocated is obtained.

11.3. Estimates of Cost. Prior to rebuilding or repairing damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

11.4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association or if at any time during reconstruction and repair or upon completion of reconstruction and repair the funds from insurance for the payment of the costs of reconstruction and repair are insufficient, special assessments shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs. Such special assessments shall be in proportion to the Owners' respective obligations for Common Expenses.

11.5. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the Association or the Insurance Trustee and funds collected by the Association through assessments against Owners, shall be disbursed in payment of such costs in the following manner

a. Association. If the total of assessments made by the Association in order to provide funds for the payment of costs of reconstruction and repair that are the responsibility of the Association is more than Fifty Thousand Dollars (\$50,000.00), then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee (if other than the Association). In all other cases the Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

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b. Insurance Trustee. The proceeds of insurance collected on account of casualty and the sums deposited with the Insurance Trustee by the Association from collections of assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(1) Association: Minor Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon the order of the board of directors of the Association; provided however, that upon request by a Mortgagee that is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(2) Association: Major Damage. If the amount of the estimated costs of reconstruction and repair that are the responsibility of the Association is more than Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be applied by the Insurance Trustee to the payment of such costs and shall be paid to or for the account of the Association from time to time as the work progresses but not more frequently than once in any calendar month. The Insurance Trustee shall make payments upon the written request of the Association for withdrawal of insurance proceeds, accompanied by a certificate dated not more than fifteen (15) days prior to such request, signed by an officer of the Association and by an architect in charge of the work, who shall be selected by the Association, setting forth that the sum then requested either has been paid by the Association or is justly due to contractors, subcontractors, materialmen, architects or other persons who have rendered services or furnished materials in connection with the work, giving a brief description of the services and materials and any amounts paid prior to the request, and stating that the sum requested does not exceed the value of the services and material described in the certificate; that, except for the amount stated in such certificate to be due as aforesaid, there is no outstanding indebtedness known to the person signing such certificate after due inquiry which might become the basis of a vendor's, mechanic's, materialmen's or similar lien upon such work against the Common Elements or any Unit; and that the cost as estimated by the person signing such certificate of the work remaining to be done subsequent to the date of such certificate does not exceed the amount of insurance proceeds or other funds remaining in the hands of the Insurance Trustee after the payment of the sum so requested.

(3) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund; except, however, that only those portions of distribution to the beneficial

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owners in excess of assessments paid by an Owner to the construction fund shall be made payable to any Mortgagee.

(4) Certificate. Notwithstanding the provisions of this instrument, the Insurance Trustee shall not be required to determine whether sums paid by the Owners upon assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine the payee nor the amount to be paid. Instead, the Insurance Trustee may rely upon a Certificate of the Association made by its president and secretary as to any or all of such matters and stating that the sums to be paid are due and property payable and stating the name of the payee and the amount to be paid; provided, that when a Mortgagee is required in this instrument to be named payee, the Insurance Trustee shall also name the Mortgagee as a payee of any distribution of insurance proceeds to an Owner; and further provided, that when the Association or a Mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund so requires, the approval of an architect named by the Association shall be first obtained by the Association prior to disbursements in payment of costs of reconstruction and repair.

11.6. Eminent Domain. The Association is hereby empowered to defend and/or settle any action or threatened action with respect to the taking in condemnation of any portion of the Common Elements or any Unit or portion of any Unit. Upon obtaining knowledge of such action or threatened action, the Association shall notify all affected Mortgagees of record of same.

a. Common Elements. Any award or settlement made as a result of such a taking of all or a portion of the Common Elements shall be made payable to the Association. Any such award or settlement shall be held in trust by the Association for the benefit of the Owners and Mortgagees holding a first mortgage as their interests may appear. In the event any repair or restoration of the Common Elements is necessary in the opinion of a majority of the board of directors of the Association on account of such taking, or in the event a majority of the voting interests at a duly called and constituted meeting of the Association promptly approve such restoration or repair, the board of directors shall arrange for same and shall disburse such of the proceeds of such award or settlement as shall reasonably be necessary to effect such restoration or repair to the contractors engaged for such purpose in appropriate progress payments. The balance of such proceeds, or all of such proceeds if no determination to repair or restore is made, shall be disbursed by the Association in the same manner as insurance proceeds under Section 10.6 above where there is no repair or restoration of the damage.

b. Units. Any award or settlement for the taking in condemnation

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of a Unit shall be made payable to the Association for the benefit of the Owners thereof. In the event any repair or restoration of the Unit is necessary in the event a majority of the voting interests appurtenant to that Unit at a duly called and constituted meeting of the Association promptly approve such restoration or repair, the board of directors shall arrange for same and shall disburse such of the proceeds of such award or settlement as shall reasonably be necessary to effect such restoration or repair to the contractors engaged for such purpose in appropriate progress payments. The balance of such proceeds, or all of such proceeds if no determination to repair or restore is made, shall be disbursed by the Association as to the Owners of that Unit in the same manner as insurance proceeds under Section 10.6 above. If a temporary taking in condemnation of use (but not title) of a Unit occurs, the entire award or settlement for such temporary taking shall be paid to the Association for the benefit of the Owners of such Unit.

11.7. Notice to Mortgagees. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such Mortgagee.

11.8. Consent Required for Reallocation of Interests in Common Elements. No reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Condominium may be effected without the approval of the Mortgagees holding first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such Mortgagees are allocated.

ARTICLE XII

USE RESTRICTIONS

The use of the Condominium Property shall be in accordance with the following provisions as long as the Condominium exists:

12.1. Subdivision of Units. No Unit may be divided or subdivided into a smaller Unit. A Unit may be combined into a larger Unit so long as the combination of the Units complies with the terms contained in this Declaration and any and all applicable federal, state or local codes and ordinances. Notwithstanding the foregoing, Developer reserves in itself and any subsequent owners the exclusive right to subdivide the Units on the first and second floors into smaller Units, and to combine the Units on the first and second floors into larger Units.

12.2. Common Elements. The Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the personal use of the Owners, their guests and lessees and other authorized occupants of Units.

12.3. Nuisance. No nuisance shall be allowed upon the Condominium Property or within a Unit, nor any use or practice that is the source of annoyance to Owners or which interferes with the peaceful possession and proper use of the Condominium Property by the Owners. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate nor any fire hazard allowed to exist. No Owner shall permit any use of a Unit or make or permit any use of the Common Elements that will increase the cost of insurance upon the Condominium Property.

12.4. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or a Unit, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the Condominium Property or a Unit shall be the same as the responsibility for the maintenance and repair of the property concerned.

Notwithstanding the foregoing, the following uses shall be prohibited uses for the Condominium Property or any Unit: Flea Markets, Betting Parlors, Bingo, or games of chance, Tattoo Parlors and any store whose business includes or permits the sale, rental or viewing of "adult" novelty items, literature, or videos and/or the sale of any paraphernalia associated with illegal drugs, substances, or other matters (head shops).

12.5. Signs. No "For Sale" or "For Rent" signs larger than three feet by three feet (3'x3'), shall be maintained on any part of the Common Elements, Limited Common Elements, or Units on the first or second floor. No other displays or advertising shall be allowed on any part of the Common Elements, Limited Common Elements, or Units of the first or second floor, except advertising used in the normal course on business for businesses on site. No "For Sale" or "For Rent" signs or other displays or advertising shall be allowed on Residential Units, except that the right is specifically reserved to the Developer to place and maintain "For Sale" or "For Rent" signs on the Condominium Property for as long as the Developer may have Units to sell. The right to place and maintain "For Sale" or "For Rent" signs on the Condominium Property is also specifically reserved to the Developer, Developer's successor and/or assigns or any entity affiliated with the Developer.

12.6. Bicycles and Motorcycles. Bicycles and motorcycles shall not be stored on the Condominium Property except in such areas as are designated for this purpose.

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12.7 Condominium Rules and Regulations. Reasonable rules and regulations concerning the use of Condominium Property may be promulgated and amended from time to time by the board of directors of the Association in the manner provided by its Articles of Incorporation and Bylaws. A copy of the present Condominium Rules and Regulations is attached hereto as Exhibit "D".

12.8. Developer's Use. The Developer, its agents or an entity affiliated with the Developer may make such use of the Common Elements and the Units as may facilitate the sale or rental of Units, including, but not limited to, showing of the property, maintaining a sales office within a Unit, maintaining a model Unit, and the display of signs and other promotional devices.

12.9 Antennas. No antennas of any type designed to serve a Unit shall be allowed on the Common Elements except as may be provided by the Association to serve as a master antenna for the benefit and use of the Condominium. No electrical or other equipment may be operated on the Condominium Property which interferes with broadcast or cable television signal reception.

ARTICLE XIII

ALIENABILITY OF UNITS

13.1. No Alienability Restrictions. The right of an Owner to sell, transfer, assign or hypothecate his Unit shall not be subject to the approval of the Association. Accordingly, a proper transfer or conveyance of such Unit shall not require the written approval of the Association.

13.2. Leasing and Rental Restrictions. Owners may lease or rent their Units in whole or in part for occupancy and no approval by the Association shall be necessary therefor. Owners shall be specifically permitted to rent portions of Units, it being the intention of Developer to permit the Owner to rent individual bedrooms within a Unit to separate and unrelated persons. However, all lessees, as well as guests of Owners, shall be required to abide by the terms and conditions of this Declaration, as well as all Rules and Regulations adopted by the board of directors of the Association from time to time, as well as any applicable federal, state or local codes and ordinances.

ARTICLE XIV

COMPLIANCE AND DEFAULT

14.1. Compliance and Default. Each Owner shall be governed by and shall comply with the terms of the Condominium Documents and the Condominium Rules and Regulations adopted pursuant to those documents and as they may be amended from time to time. Failure of an Owner to comply with the provisions of such documents and regulations shall entitle the Association or other Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including, but not limited to, an action for damages, an action for injunctive relief or an action for declaratory judgment. Failure of the Association to comply with the provisions of the Condominium Documents and the Condominium Rules and Regulations adopted pursuant to those documents and as they may be amended from time to time shall entitle the Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including, but not limited to, an action for damages, an action for injunctive relief or an action for declaratory judgment. All provisions of this Declaration shall be enforceable equitable servitudes and shall run with the land and shall be effective until the Condominium is terminated.

14.2. Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of an Owner or the Association to comply with the terms of the Condominium Documents or the Condominium Rules and Regulations adopted pursuant to them as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and recover such reasonable attorney fees as may be awarded by the Court, including all appeals and all proceedings in bankruptcy.

14.3. No Waiver of Rights. The failure of the Association or any Owner to enforce any covenant, restriction or other provision of Title 35, Chapter 8A, Ala. Code (1975), the Condominium Documents or the Condominium Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

14.4. Injunctive Relief. The Association may seek an injunction from a court of equity to compel or prohibit compliance or violation of the Condominium Documents regardless of whether an adequate remedy at law exists.

14.5. Governing Law: Waiver of Jury Trial: Venue of Actions. This Declaration shall be governed by, and shall be construed in accordance with, the laws of the State of Alabama, as the same may exist on the date of recording hereof. The Association, an Owner or Owners, the Developer, the Management Company and any other party claiming rights or obligations by, through or under this Declaration, or two or more of the foregoing, each hereby waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against the others concerning the interpretation, construction, validity, enforcement or performance of this Declaration or any other agreement or instrument executed in connection with this Declaration. In the event any such suit or legal action is commenced by any party, the other parties hereby agree, consent

and submit to the personal jurisdiction of the circuit court for the county in which the Condominium is situated, with respect to such suit or legal action, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party hereby waives any and all personal rights under applicable law or in equity to object to the subject matter or personal jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

ARTICLE XV

AMENDMENTS

15.1. By Owners. Except as otherwise provided herein, this Declaration may be amended in the following manner:

a. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered.

b. Resolution. A resolution for the adoption of a proposed amendment shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered.

c. Adoption. A resolution amending the Declaration shall be adopted in the following manner:

(1) Board of Directors. Until the first election of a majority of the directors of the Association by Owners other than the Developer, proposal of any amendment and approval thereof shall require only the affirmative action of sixty-seven percent (67%) of the entire membership of the board of directors of the Association, and no meeting of the Owners nor any approval thereof need be had. However, no amendment may, unless specifically approved as provided in Section 15.1(c)(2) or below:

(a) change the configuration, boundaries or size of any Unit in any material fashion;

(b) materially alter or modify the appurtenances to the Unit, including voting rights, rights to use Common Elements, interests in Common Elements or or the leasing of Units;

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(c) materially amend any provision regulating assessments, assessment liens or subordination of liens;

(d) materially amend any provision regarding reserves for maintenance, repair and replacement of the Common Elements;

(e) materially amend any provision regarding insurance or fidelity bonds;

(f) materially amend any provision regarding the responsibility for maintenance and repair of the Condominium;

(g) materially amend any provision regarding expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

(h) impose any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey a Unit;

(i) establishes self-management by the Association where professional management has been required by any Mortgagee;

(j) which address the convertibility of Units into Common Elements or Common Elements into Units; or

(k) which changes the proportion or percentage by which an Owner shares the Common Expenses and owns the Common Surplus.

(2) Board of Directors and Owners. In addition to the procedure set forth above and after the first election of a majority of the directors of the Association by Owners other than the Developer, a resolution for the adoption of a proposed amendment may be proposed by the board of directors of the Association or by the Owners. Owners may propose such an amendment by instrument in writing directed to the president or secretary of the board signed by not less than holders of thirty-three percent (33%) of all of the votes of the Association. Amendments may be proposed by the board of directors by action of a majority of the board at any regularly constituted meeting thereof. Upon an amendment being proposed as herein provided, the president or, in the event of his refusal or failure to act, the board of directors, shall call a meeting of the Owners to be held not sooner than fifteen (15) days nor later than sixty (60) days thereafter for the purpose of considering said amendment. Directors and Owners not present at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the

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meeting. Except as provided herein, such approvals must be by:

(a) not less than sixty-seven percent (67%) of the entire membership of the board of directors and not less than sixty-seven percent (67%) of the votes of the Association; or

(b) an agreement signed and acknowledged by all Owners in the manner required for the execution of a deed; and

(3) Any amendment listed under Section 15.1 (c)(1) requires the consent of those Mortgagees providing notice to the Association under Section 15.3 below. Any amendment which would adversely affect Mortgagees must have the prior written consent of Mortgagees holding a first mortgage on Units to which at least fifty-one percent (51 %) of the votes of the Association appertain and the prior written consent of Owners representing not less than sixty-seven percent (67%) of all of the votes of the Association.

d. Execution and Recording. Each amendment shall be attached to or shall contain a certificate certifying that the amendment was duly adopted, and the certificate shall be executed by the president of the Association and attested by the secretary with the formalities of a deed, and said amendment shall be effective upon recordation of the amendment and certificate in the Office of the Judge of Probate of Lee County, Alabama.

15.2. By the Developer. The Developer reserves the right at any time, so long as it owns any of the Units in the Condominium, to unilaterally amend this Declaration as it may deem appropriate, in its sole discretion, to carry out the purposes of the project, or as may be required by any lending institution, FHA, VA, FHLMC, FNMA, title insurance company or public body or as may be necessary to conform the same to the requirements of law or to facilitate the operation and management of the Condominium or the sale of Units in an FHA/VA approved condominium. Any amendments to this Declaration which may be unilaterally made by the Developer shall become effective upon the recording in the Office of the Judge of Probate of Lee County, Alabama, of an instrument executed solely by the Developer, setting forth the text of such amendment in full, together with the appropriate recording data of this Declaration.

No amendment to this Declaration unilaterally made by the Developer shall be permitted if such amendment would: (i) change the configuration, boundaries or size of any Unit in any material fashion; (ii) materially alter or modify the appurtenances to any Unit, including voting rights, rights to use Common Elements, interests in the Common Elements or the leasing of Units; (iii) which materially changes the proportion or percentage by which the Owners share the Common Expenses and own the Common Surplus; (iv) which materially amends any provision contained within this Declaration, the Association Articles or

Bylaws regulating assessments, assessment liens or the subordination of liens, reserves for maintenance, repair or replacement of Common Elements; (v) which materially modifies the responsibility for maintenance and repair of the Condominium Property; (vi) which materially modifies the provisions regarding expansion or contraction of the Condominium or the addition annexation or withdrawal of property to or from the Condominium; (vii) which addresses the convertibility of Units into Common Elements or Common Elements into Units; (viii) which imposes any right of first refusal or similar restrictions on the right to transfer or otherwise convey a Unit; (ix) which establishes self-management by the Association where professional management has been required by any Mortgagee; or (x) which materially amends any provision in this Declaration regarding insurance or fidelity bonds.

Regardless of the foregoing, Developer reserves in itself and any subsequent Owners the exclusive and absolute right to amend the Declaration to change the floor plans, change the use of the Unit to Commercial or Residential, subdivide Units, combine Units, remove and/or add floors, walls, stairs, entrances and exits, and any other elements, or make any other changes to the Units on the First or Second Floor as chosen within the Developer or subsequent owner's exclusive and sole discretion, so long as any such change is in compliance with all applicable federal, state or local codes and ordinances, and does not require the association to meet any additional or more stringent building code requirements. In any event, if a Unit owner undertakes construction that causes the building to be subject to more stringent building code requirements, as determined by any applicable federal, state or local codes and ordinances, that Unit owner shall either conduct any labor and make any revisions necessary to bring the association property back into compliance with the original building code requirements to the satisfaction of code enforcement officials, or pay all costs and expenses incurred by the Association in meeting the additional building code requirements. In the event that the Owner of two or more contiguous Units combines such Units so as to create one Unit, said Owner shall bear the cost of amending this Declaration. In such event, Common Elements consisting of structural members which previously separated the combined Units shall be as shown on the Amendment of this Declaration as a private element.

Notwithstanding the foregoing paragraph, no subsequent Owner of any Unit, shall have the right to subdivide any Unit in a manner which would result in a Unit consisting of less than five hundred (500) square feet. Only the Developer shall have the right to subdivide any Unit in a manner which would result in a Unit consisting of less than five hundred (500) square feet.

In addition, Developer reserves in itself the absolute right to change the interior and exterior entrances and exits of the Condominium, and all related structures, appurtenances and common elements, so long as any such change is in compliance with all applicable federal, state or local codes and ordinances.

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Furthermore, Developer reserves in itself the right to modify the configuration, boundaries or appurtenances to any Unit in order to bring the Unit into compliance with all applicable federal, state or local codes and ordinances.

15.3. Notice to Mortgagees. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any proposed amendment to this Declaration affecting a change in the boundaries of any Unit or the exclusive easement rights appertaining thereto, the interest in the Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto, the number of votes in the Association appertaining to any Unit or the purposes to which any Unit or the Common Elements are restricted.

ARTICLE XVI

TERMINATION

The Condominium may be terminated in the following manners, in addition to the manner provided by Title 35, Chapter 8A, Ala. Code (1975):

16.1. Agreement. The Condominium may be terminated at any time upon prior notification to the Division by the approval in writing of all Owners and all Mortgagees of record. Notice of a meeting at which the proposed termination is to be considered shall be given not less than thirty (30) days prior to the date of such meeting.

16.2. Termination Through Condemnation. The Condominium shall only be terminated by virtue of a condemnation action if all Condominium Property is taken in condemnation. If less than all of the Condominium Property is taken in condemnation, the Condominium shall continue as to those portions of the Condominium Property not so taken.

16.3. Certificate. Termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by its president and secretary certifying to the facts effecting the termination, said certificate to become effective upon being recorded in the Public Records of Lee County, Alabama.

16.4. Shares of Owners after Termination. After termination of the Condominium, each Owner shall own an undivided share of the Condominium Property and all assets of the Association as a tenant in common in accordance with Exhibit "D".

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16.5. Notice to Mortgagees. Any Mortgagee, upon written request to the Association (such request to state the name and address of such Mortgagee and the Unit number at issue), will be entitled to timely written notice of any proposed termination of the Condominium.

ARTICLE XVII

VOTING RIGHTS

Association Membership and Voting. Each Unit shall be entitled to one (1) vote, which vote is not divisible, the numerical value of which shall be the percentage (rounded to four decimal points) of undivided interest in the Common Elements assigned to the Unit of which the Member is the Owner with the total number of votes being 100 (see Exhibit D). The vote for a Unit shall be cast by the Owner thereof in the manner provided for herein and in the By-Laws. However, should the Association be a Unit Owner, it shall not have the voting right for that Unit.

In the event a Unit is owned by one (1) Person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one (1) Person, the Person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation, partnership, limited partnership, or limited liability company, the officer, employee or individual entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the president or vice president and attested by the secretary or assistant secretary of the corporation (in the case of a corporation) or by the general partner or partners if more than one (in the case of a partnership or limited partnership) or the managing member if a limited liability corporation, which certificate shall be filed with the Secretary of the Association. If such a certificate is not on file with the Secretary of the Association for a Unit owned by more than one (1) Person or by a corporation, partnership or limited partnership, the membership or vote of the Unit concerned may be cast by any record holder, or agent thereof, present at the meeting. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned is effected. A certificate designating the Person entitled to cast the vote of a Unit may be revoked by any Owner thereof.

ARTICLE XVIII

MERGER

This Declaration, the Association and the Common Elements of the Condominium described herein may be merged with the declaration of condominium,

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condominium association and common elements of another independent and separate condominium to form a single condominium with the consent of sixty-seven percent (67%) of the total number of voting interests and with the approval of all of the record owners of liens on the Units. In the event such consent and approval is obtained, a new or amended declaration of condominium, articles of incorporation and bylaws of the Association shall be recorded and shall contain such provisions as are necessary to amend and modify the appurtenances to the Units and percentages by which the Owners of Units share the Common Expenses and own the Common Surplus and Common Elements in order to create a consolidated single condominium.

ARTICLE XIX

SEVERABILITY

The invalidity in whole or in part of any covenant or restriction, or any article, section, subsection, sentence, clause, phrase or word, or other provision of the Condominium Documents and the Condominium Rules and Regulations shall not affect the validity of the remaining portions.

ARTICLE XX

DEVELOPMENT DESCRIPTION

20.1. Description of Condominium. It is the intention of the Developer to develop the condominium in one phase in accordance with Title 35, Chapter 8A, Ala. Code (1975). The Condominium will consist of one (1) five-story building containing four (4) Commercial and/or Residential Units on the first and second floor and forty-two (42) Residential Units on floors three through five. The first floor will contain three (3) Units subject to Developer rights and the second floor will contain one (1) Unit subject to Developer rights. Floors three, four and five shall each contain fourteen (14) Residential Units. Each floor shall contain four (4) one bedroom/one bathroom units. The one bedroom/one bathroom units shall be either Floor Plan "A", a copy of which is attached hereto, (Units 301, 314, 401, 414, 501, and 514), or its mirror image (Units 302, 313, 402, 413, 502, and 513). In addition, each floor shall contain ten (10) two bedroom/two bathroom units. The two bedroom/two bathroom units shall be either Floor Plan "B", a copy of which is attached hereto, (Units 303, 306, 308, 309, 312, 403, 406, 408, 409, 412, 503, 506, 508, 509, 512), or its mirror image

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LEE COUNTY

(Units 304, 305, 307, 310, 311, 404, 405, 407, 410, 411, 504, 505, 507, 510, 511). The legal description and site plan for the Condominium are more fully set forth in the attached Exhibit "A"

Time-share estates will not be created with respect to Units in the Condominium.

<u># of Buildings</u>	<u>Est Date of Conversion</u>
One	<u>August 15, 2005</u>

20.2 Recreational Areas, Facilities and Parking Spaces. The recreational areas, facilities and parking spaces located within the Condominium are described in the attached Exhibit "A". The Developer expressly reserves the right to add recreational facilities to the Condominium at the Developer's cost as part of the development process and such recreational facilities will become part of the Common Elements of the Condominium and will be maintained by the Association at Association expense. However, the Developer is under no obligation to add any recreational or other facilities except as shown and described in Exhibit "A".

20.3 Notice. Any notices required shall be sent by regular mail addressed to each Owner at his last known address.

20.4. Additions. Additional phases will not be added to this Condominium.

20.5. Minimum and Maximum Numbers and General Size of Units: Reservation of Right to Change Unit Size. Developer reserves the right to change the size and type of Commercial Units and the mix of Commercial Unit types within the Condominium at its sole discretion and without notice to Owners.

IN WITNESS WHEREOF, the Developer has executed this Declaration of Condominium on this 10 day of August, 2005.

IN THE PRESENCE OF:

RPM/Magnolia Plaza, LLC
By: Tigertown Investments, Inc.
Its: Manager

[Handwritten Signature]

By: *[Handwritten Signature]*
Matthew S. Rice
Its: Vice-President

STATE OF ALABAMA)
COUNTY OF LEE) ss

The undersigned notary public hereby certifies that Matthew S. Rice whose name is signed to the foregoing instrument as an authorized officer of Tigertown Investments, Inc., Manager of RPM/Magnolia Plaza, LLC, and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of RPM/Magnolia Plaza, LLC on the day the same bears date.

Given under my hand and seal on this 10 th day of August, 2005.

[Handwritten Signature]

[seal]

Notary Public
My Commission Expires: My Commission Expires
November 6, 2007

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PROBATE JUDGE
LEE COUNTY

EXHIBIT A

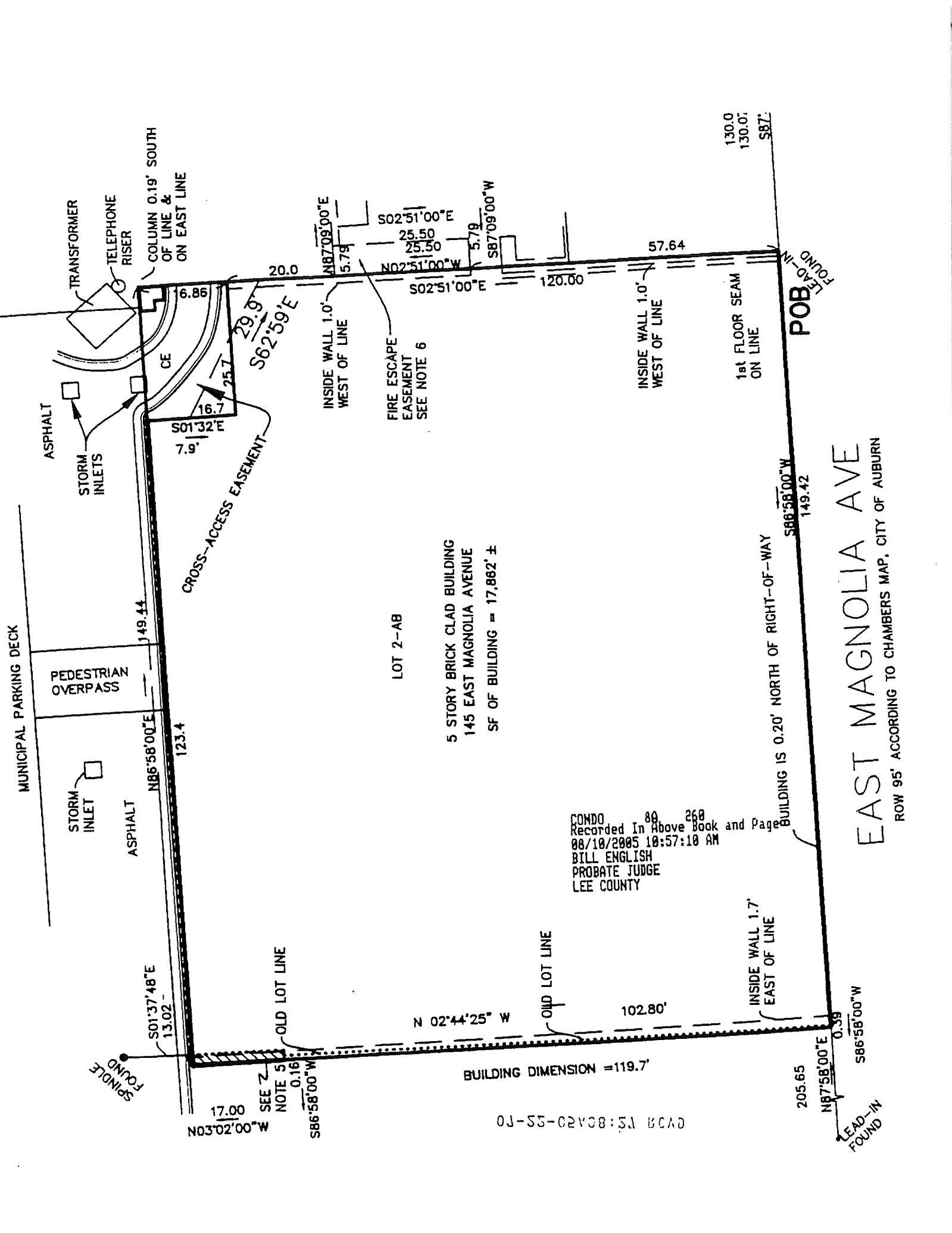
- 1) Legal Description
- 2) Survey
- 3) Floor Plan of Unit Types
- 4) Exterior Rendering

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BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

LEGAL DESCRIPTION

Lot 2-AB a Redivision of Lot 2-A, Village Green Subdivision, First Revision and First Addition to Lot 2, Auburn, Lee County, Alabama, as shown on plat of said subdivision of record in the Office of the Judge of Probate of Lee County, Alabama, in Plat Book 26, at Page 136.

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08/10/2005 10:57:18 AM
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PROBATE JUDGE
LEE COUNTY



MUNICIPAL PARKING DECK

PEDESTRIAN OVERPASS

COLUMN 0.19' SOUTH OF LINE & ON EAST LINE

LOT 2-AB

5 STORY BRICK CLAD BUILDING
145 EAST MAGNOLIA AVENUE
SF OF BUILDING = 17,862 ±

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BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

EAST MAGNOLIA AVE
ROW 95' ACCORDING TO CHAMBERS MAP, CITY OF AUBURN

SPINDLE FOUND

S01°37'48"E
13.02'

N86°58'00"E
123.4

149.44

S01°32'E
7.9'

6.86

W.00°02'00"E
17.00

SEE Z
NOTE 5
0.16
S86°58'00"W

OLD LOT LINE

N 02°44'25" W

OLD LOT LINE

102.80'

BUILDING DIMENSION = 119.7'

205.65

N87°58'00"E
0.39

S86°58'00"W

LEAD-IN FOUND

29.9'
S62°59'E

CROSS-ACCESS EASEMENT

INSIDE WALL 1.0' WEST OF LINE

FIRE ESCAPE EASEMENT SEE NOTE 6

INSIDE WALL 1.0' WEST OF LINE

1st FLOOR SEAM ON LINE

POB
LEAD-IN FOUND

S86°58'00"W
149.42

BUILDING IS 0.20' NORTH OF RIGHT-OF-WAY

N87°09'00"E
5.79

S02°51'00"E
25.50
25.50

N02°51'00"W
5.79

S87°09'00"W
5.79

120.00

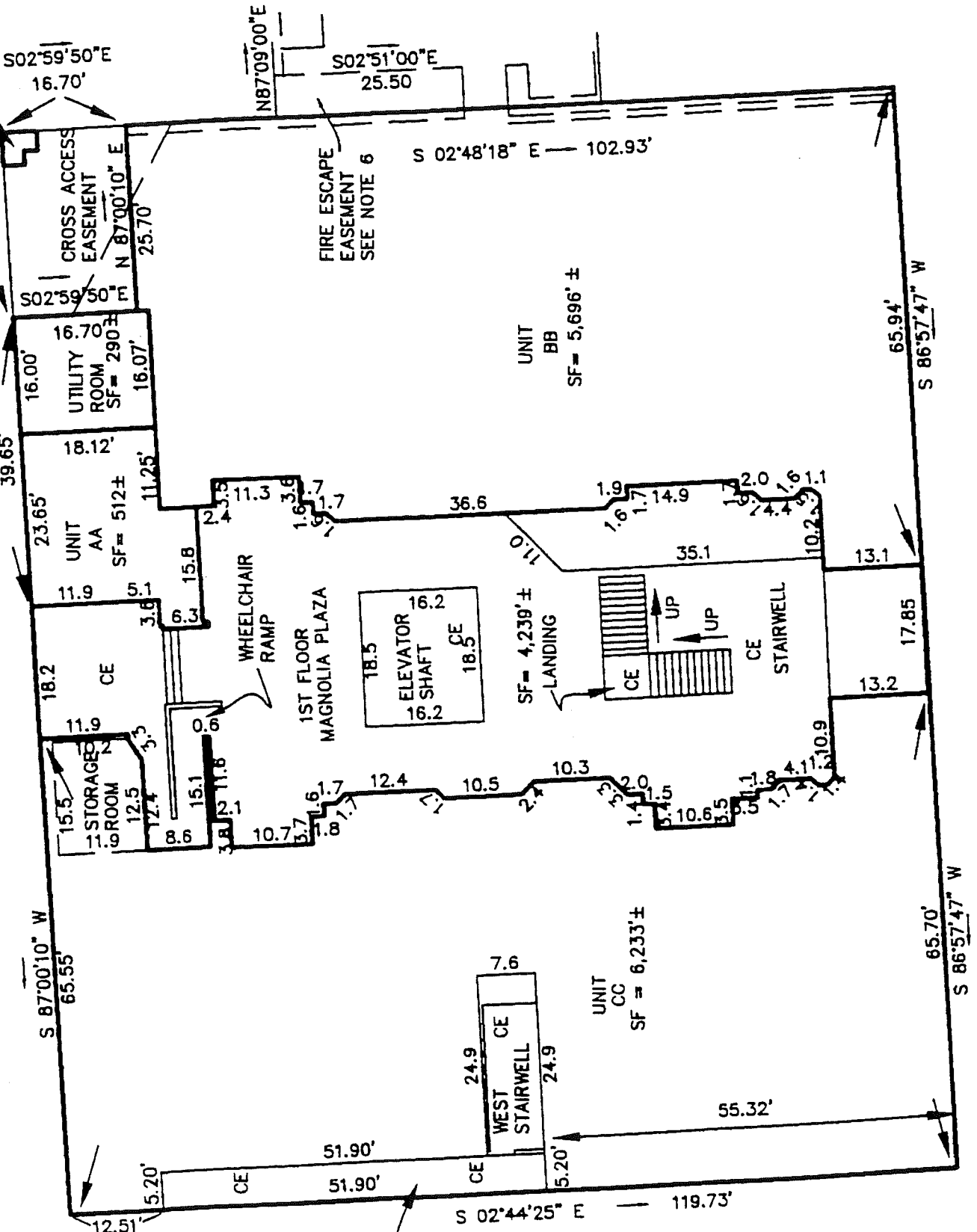
57.64

130.0
130.0
S87°

01-55-02408-51 ROAD

1ST FLOOR

STRUCTURAL COLUMN

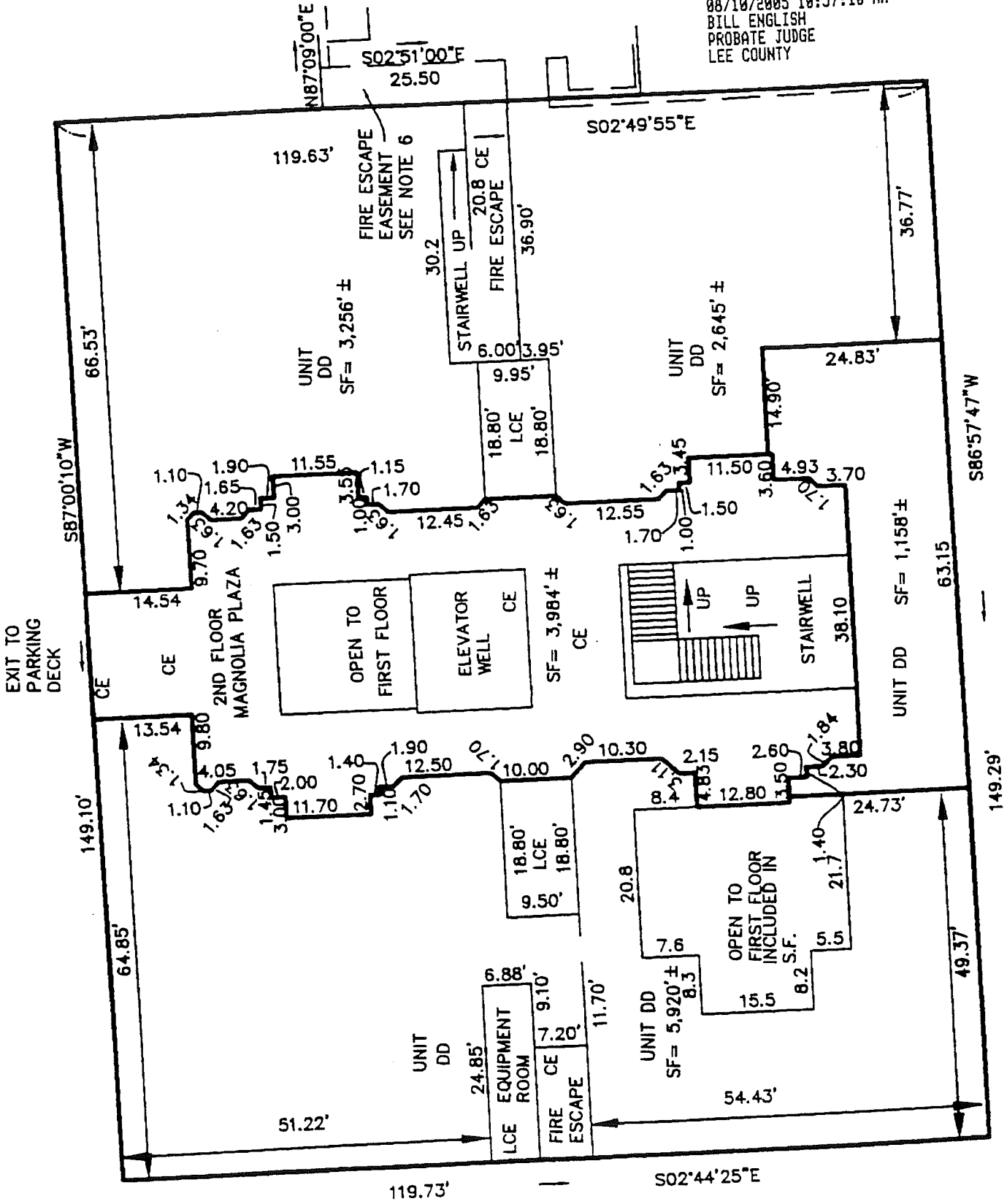


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 BILL ENGLISH, PROBATE JUDGE, LEE COUNTY

NORTH GAY STREET

N 39°13' W
 35.58'

CONDO 89 262
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PROBATE JUDGE
LEE COUNTY

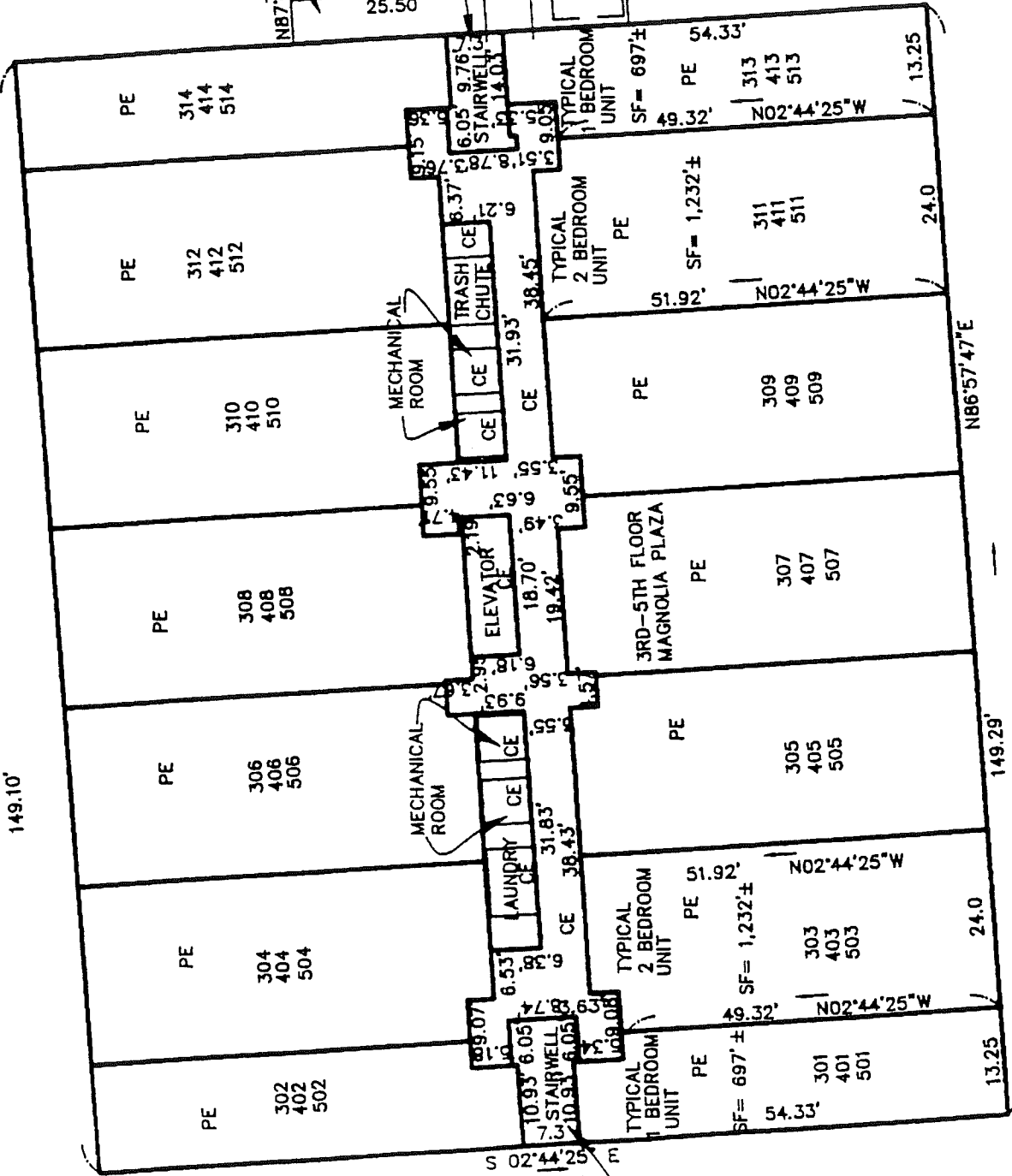


2ND FLOOR

3RD-5TH FLOORS

N87°00'10"E

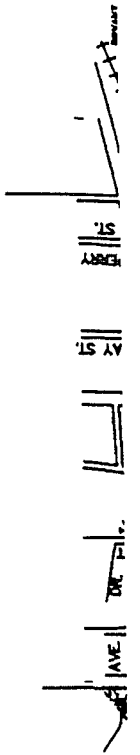
149.10'



FIRE ESCAPE EASEMENT SEE NOTE 6

FLOOR FINISH FLOOR ELEVATION

CONDO 8A 263
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 08/10/2005 10:57:10 AM
 BILL ENGLISH
 PROBATE JUDGE
 LEE COUNTY



119.63' — N 02°49'55" W

N87°09'00"E
 S02°51'00"E
 25.50

N86°57'47"E

S 02°44'25" W
 119.73'

149.29'

24.0

13.25

13.25

CE

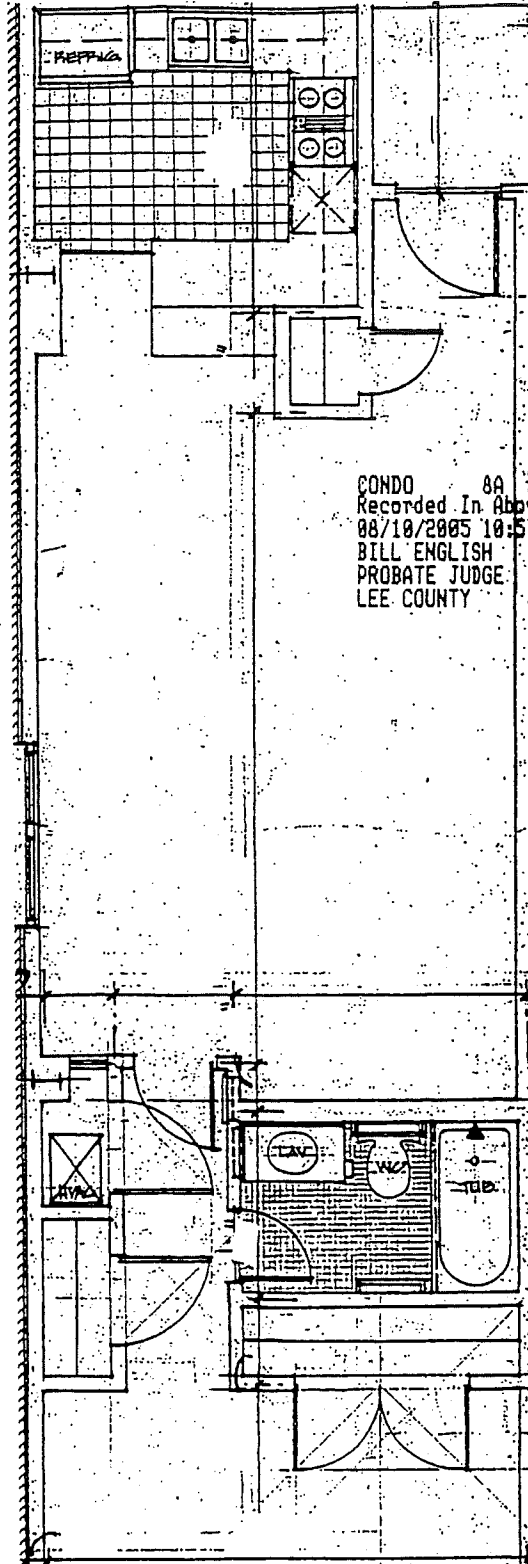
FLOOR PLAN "A"

Units

- 301
- 401
- 501
- 314
- 414
- 514

Units with mirror image floor plan

- 302
- 402
- 502
- 313
- 413
- 513



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PROBATE JUDGE
LEE COUNTY

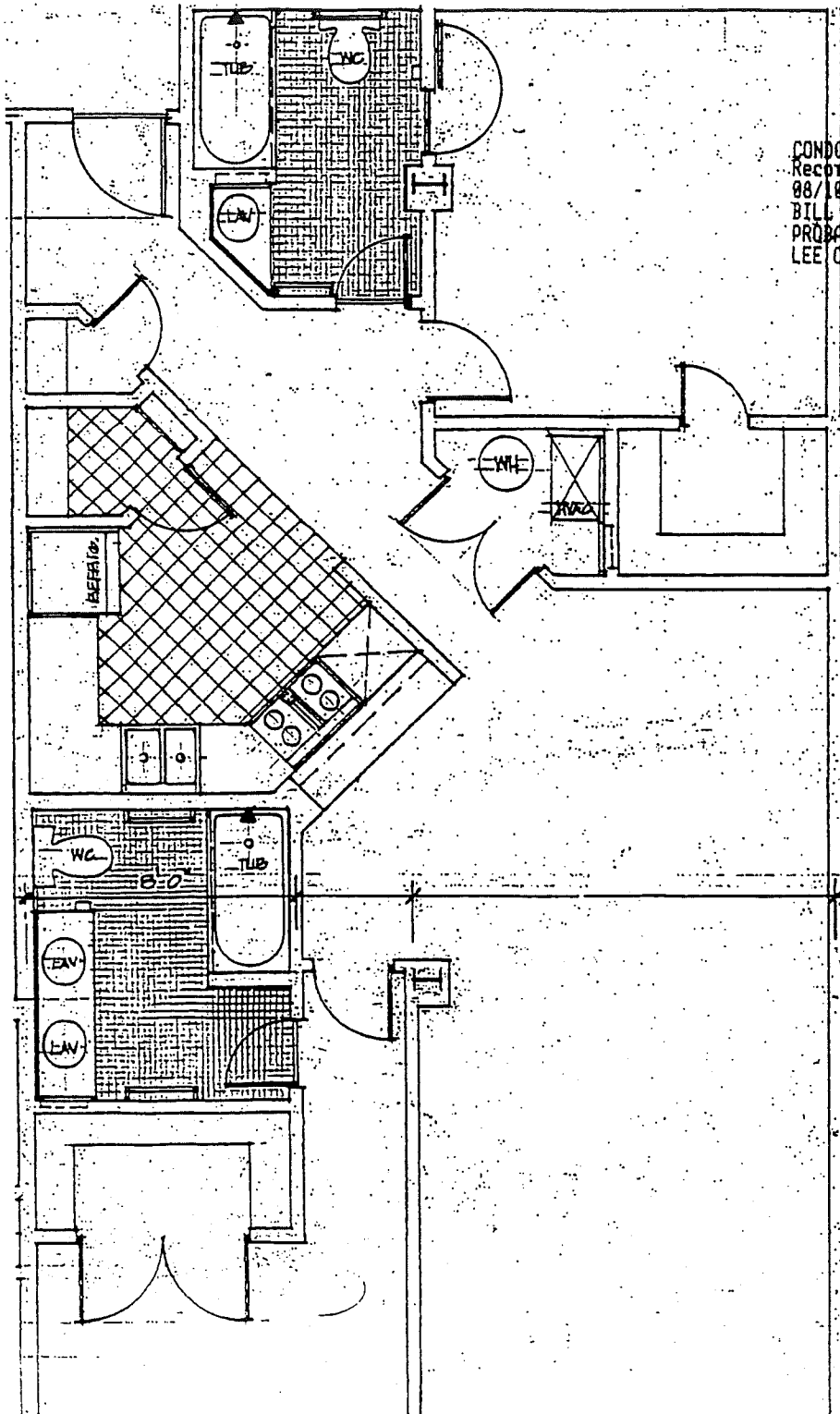
FLOOR PLAN "B"

Units

303, 306, 308, 309, 312
403, 406, 408, 409, 412
503, 506, 508, 509, 512

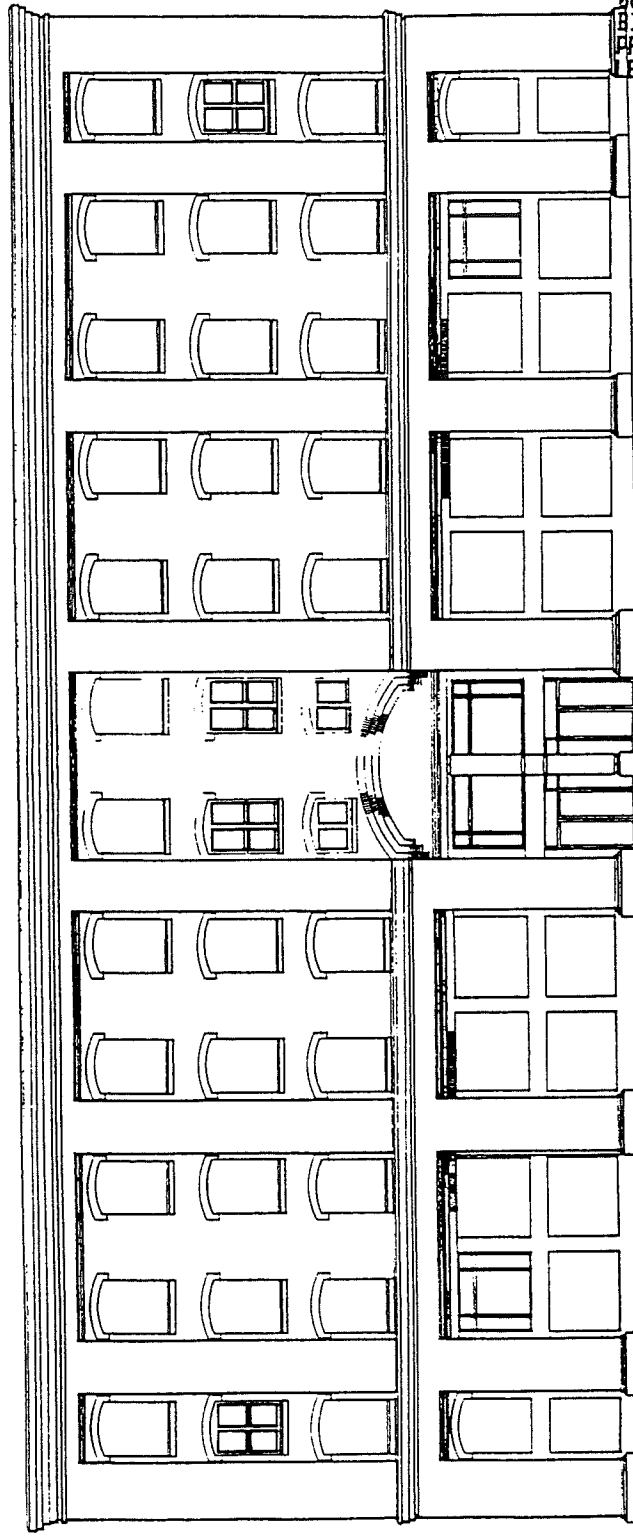
Units with mirror image
floor plan

304, 305, 307, 310, 311
404, 405, 407, 410, 411
504, 505, 507, 510, 511



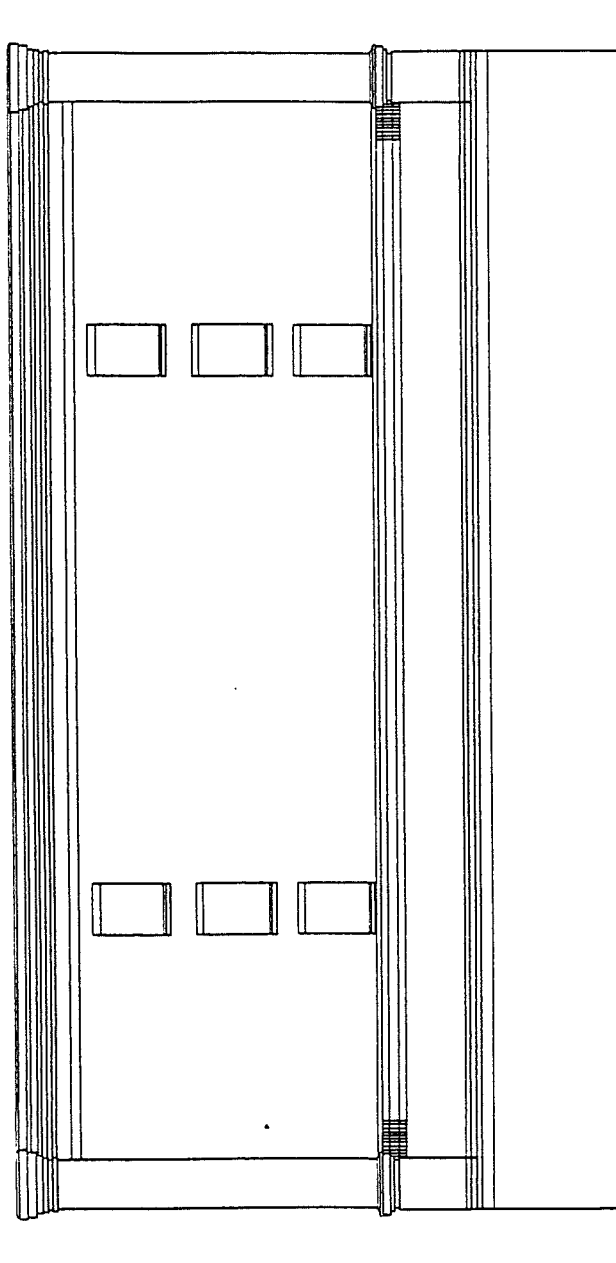
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PROBATE JUDGE
LEE COUNTY

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PROBATE JUDGE
LEE COUNTY



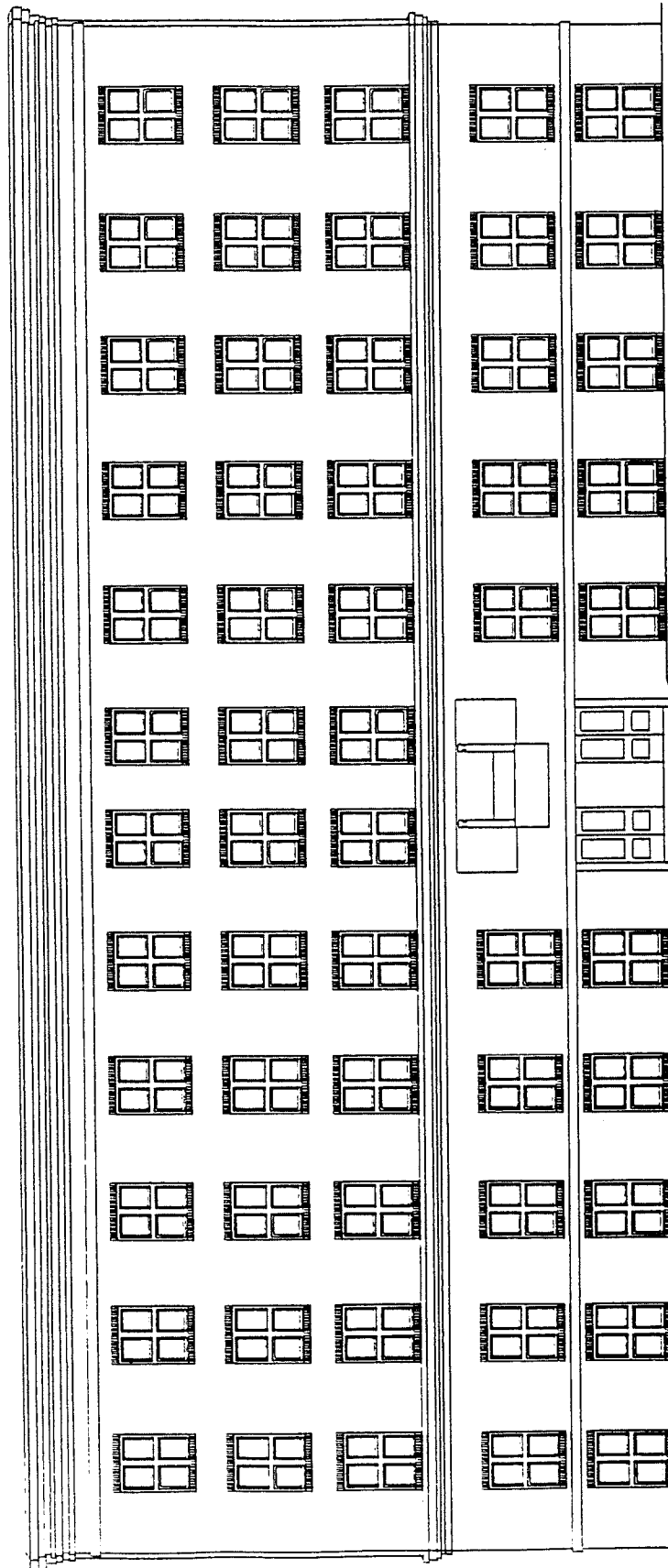
South Elevation

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BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

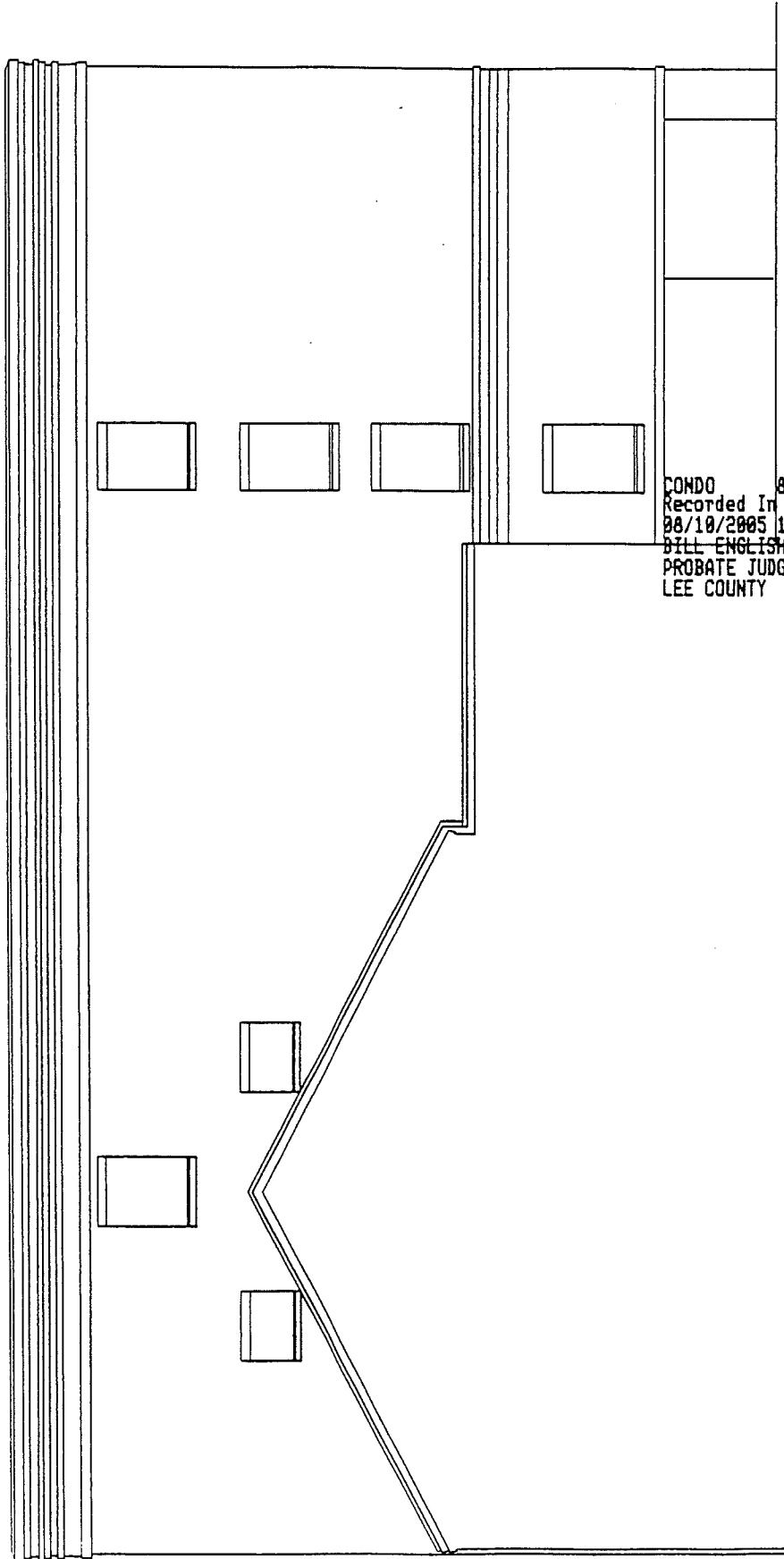


West Elevation

CONDO 8A 268
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BILL ENGLISH
PROBATE JUDGE
LEE COUNTY



North Elevation



CONDO 8A 269
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BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

East Elevation

AMENDMENT NO. 1

CONDO 8A 370
Recorded In Above Book and Page
10/12/2005 10:17:39 AM
BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

TO

DECLARATION OF CONDOMINIUM

OF

MAGNOLIA PLAZA CONDOMINIUM

Pursuant to Section 15.2 of the Declaration of Condominium of Magnolia Plaza Condominiums recorded at Condominium Book 8A, Page 220, in the Office of the Judge of Probate for Lee County, Alabama (hereinafter the "Declaration"), the Developer hereby amends the Declaration as follows:

1. The Bylaws of Magnolia Plaza Condominium Owners Association, Inc., Exhibit C of the Declaration of Condominium is hereby amended as follows:

Article II, Paragraph 5 is hereby amended to read as follows in its entirety:

5. Each Unit shall be entitled to one (1) vote, which vote is not divisible, the numerical value of which shall be the percentage (rounded to four decimal points) of undivided interest in the Common Elements assigned to the Unit of which the Member is the Owner with the total number of votes being 100. The vote for a Unit shall be cast by the Owner thereof in the manner provided for herein and in the By-Laws. However, should the Association be a Unit Owner, it shall not have the voting right for that Unit.

IN WITNESS WHEREOF, the Developer has executed this Amendment No. 1 to Declaration of Condominium on this 5th day of October, 2005.

RPM/Magnolia Plaza, LLC
By: Tigertown Investments, Inc.
Its: Manager



By:
Matthew S. Rice
Its: Vice-President

Recording Fee 11.00, TOTAL 11.00

STATE OF ALABAMA)
COUNTY OF LEE) ss

The undersigned notary public hereby certifies that Matthew S. Rice whose name is signed to the foregoing instrument as an authorized officer of Tigertown Investments, Inc., Manager of RPM/Magnolia Plaza, LLC, and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of RPM/Magnolia Plaza, LLC on the day the same bears date.

Given under my hand and seal on this 5th th day of October, 2005.

Debbie O. Stray
Notary Public

[seal]

My Commission Expires: 11/15/06

CONDO 8A 371
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10/12/2005 10:17:39 AM
BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

8004 430
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CONDO Book & Page
12-18-2007 09:04:13 AM
Bill English - Probate Judge
Lee County, AL
Book/Pg: 8004/430
Term/Cashier: SCAN3 / KS
Tran: 2585.51416.70396
Recorded: 12-18-2007 09:06:39
REC Recording Fee
Total Fees: \$ 23.00

23.00

AMENDMENT NO. 2
TO
DECLARATION OF CONDOMINIUM
OF
MAGNOLIA PLAZA CONDOMINIUM

Pursuant to Section 15.2 of the Declaration of Condominium of Magnolia Plaza Condominiums recorded at Condominium Book 8A, Page 220, in the Office of the Judge of Probate for Lee County, Alabama (hereinafter the "Declaration"), the Developer hereby amends the Declaration as follows:

1. Paragraph 11.2 of Article XI of the Declaration of Condominium is hereby amended to read as follows in its entirety:

11.2. Plans and Specifications. Any reconstruction or repairs must be substantially in accordance with the plans and specifications for the damaged property as originally constituted or, in lieu thereof, according to the plans and specifications approved by the Board of Directors of the Association, but subject to compliance with then-current land use and building ordinances and regulations of the City of Auburn, Alabama. Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original Condominium plans and specifications unless the approval of the Mortgagees holding first mortgages on Units to which at least 51% of the votes of Units subject to mortgages held by such Mortgagees are allocated is obtained, but subject to compliance with then-current land use and building ordinances and regulations of the City of Auburn, Alabama.

2. Paragraph 12.9 is added to Article XII of the Declaration of Condominium and shall read as follows in its entirety:

12.9 Parking. The Magnolia Plaza Condominium Owners Association, Inc. has leased 58 parking spaces from the City of Auburn. The Residential Unit Owners shall have first priority over 42 spaces. The remaining 16 spaces shall be divided as illustrated below for the Commercial Units. The Association reserves the right to revoke the commercial parking spaces. If the City of Auburn revokes any spaces from the Association, the

Commercial Unit spaces will be the first to be revoked and returned to the City.
The allocation of the 16 leased parking spaces designated for the Commercial Units is as follows:

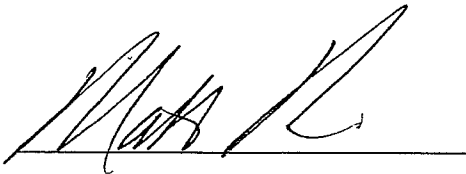
Unit AA - 0	Unit DD - 4
Unit BB - 3	Unit EE - 4
Unit CC - 3	Unit FF - 2

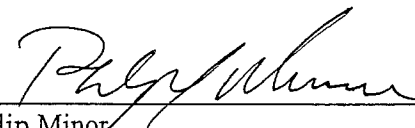
Developer reserves the right to reallocate parking spaces between the Commercial Units that it owns at any time. Any Commercial Units which are sold by developer shall retain the spaces that were designated to the unit at the time of closing.

3. The second and third pages of the survey in Exhibit A, recorded at Condo Book 8A Pages 261 and 262, shall be replaced with the attached surveys marked "Amendment Exhibit 1"
4. Exhibit D, recorded at Condo Book 8A Page 291, shall be replaced with the attached table marked "Amendment Exhibit 2."

IN WITNESS WHEREOF, the Developer has executed this Amendment No. 2 to Declaration of Condominium on this 30 day of NOVEMBER, 2007.

RPM/Magnolia Plaza, LLC
By: Tigertown Investments, Inc.
Its: Manager



By: 
Philip Minor
Its: SEC/TREASURER

STATE OF ALABAMA)
COUNTY OF LEE) ss

The undersigned notary public hereby certifies that Philip Minor whose name is signed to the foregoing instrument as an authorized officer of Tigertown Investments, Inc., Manager of RPM/Magnolia Plaza, LLC, and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of RPM/Magnolia Plaza, LLC on the day the same bears date.

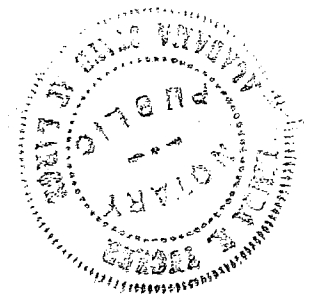
Given under my hand and seal on this 30th day of NOVEMBER, 2007.

Linda K. Tucker

Notary Public

My Commission Expires: May 14, 2011

[seal]



**This instrument prepared by and after
recording please return to:**

Russell C. Balch, Esq.

Akridge & Balch, P.C.

P.O. Drawer 3738

Auburn, AL 36831-3738

334-887-0884

<u>Unit Mix/Type</u>	<u>No. Units</u>	<u>Size (Sq. Ft.)</u>	<u>Total Sq. Ft.</u>	<u>% of Total</u>
1 BR	12	697	8,364	1.0207%
2 BR	30	1,232	36,960	1.8042%
Commercial Unit AA	1	483	483	0.7073%
Commercial Unit BB	1	5,303	5,303	7.7659%
Commercial Unit CC	1	11,372	11,372	16.6535%
Commercial Unit DD	1	2,551	2,551	3.7358%
Commercial Unit EE	1	2,302	2,302	3.3711%
Commercial Unit FF	<u>1</u>	<u>951</u>	<u>951</u>	1.3927%
	48		68,286	

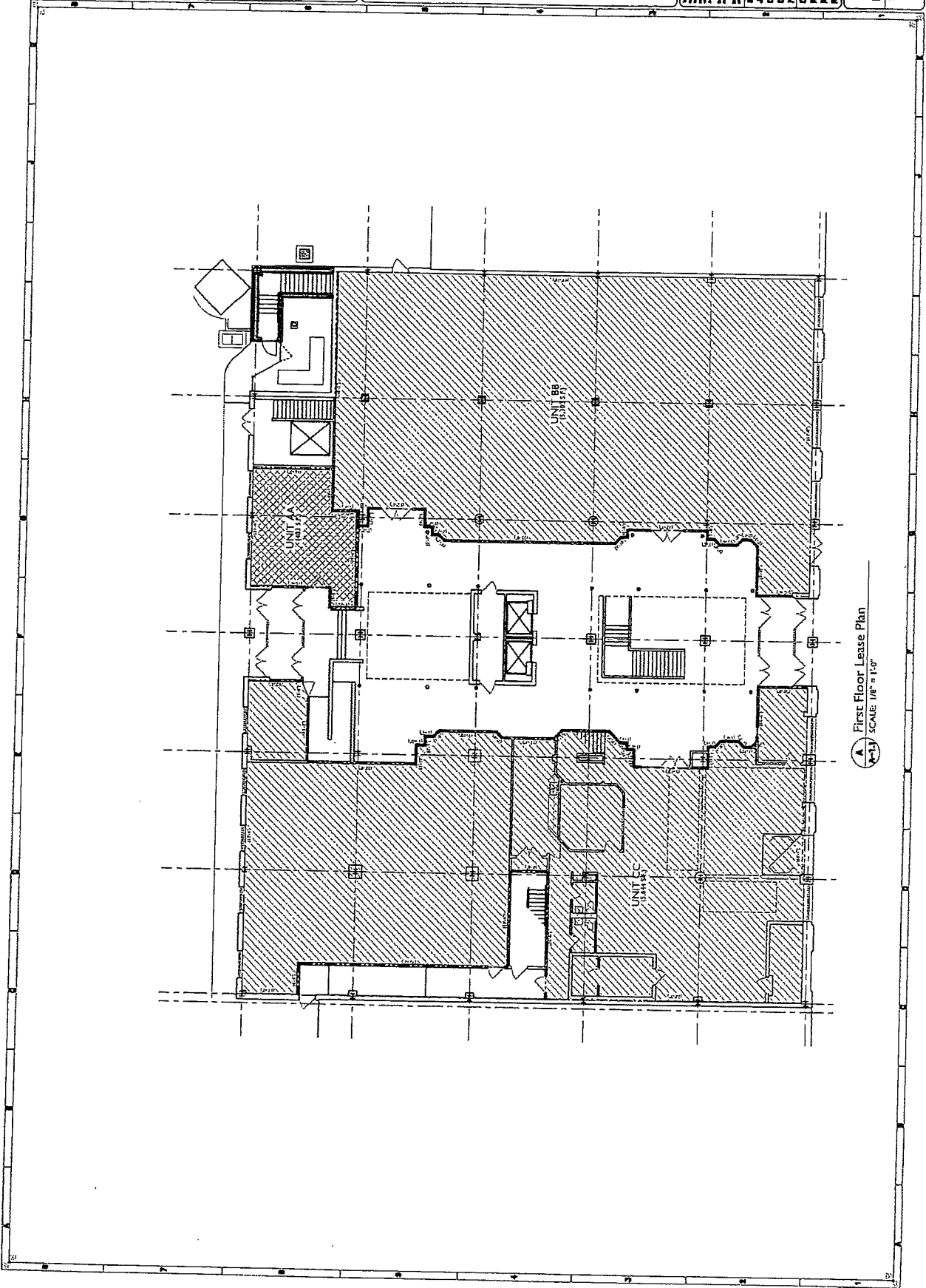
GODWIN • JONES
 Architecture & Interior Design, Inc.
 P: 334-387-0240
 F: 334-387-0239
 2006 Berry Hill Road
 Montgomery, AL 36117
 www.godwinjones.com



Renovations to:
 Magnolia Plaza
 Porter Properties
 Auburn, Alabama

1	UNIT 101	101
2	UNIT 102	102
3	UNIT 103	103
4	UNIT 104	104
5	UNIT 105	105
6	UNIT 106	106
7	UNIT 107	107
8	UNIT 108	108
9	UNIT 109	109
10	UNIT 110	110
11	UNIT 111	111
12	UNIT 112	112
13	UNIT 113	113
14	UNIT 114	114
15	UNIT 115	115
16	UNIT 116	116
17	UNIT 117	117
18	UNIT 118	118
19	UNIT 119	119
20	UNIT 120	120

SHEET TITLE
 FIRST FLOOR PLAN
 SHEET NUMBER:
 A-1.1



▲ First Floor Lease Plan
 A-1.1 SCALE: 1/8" = 1'-0"

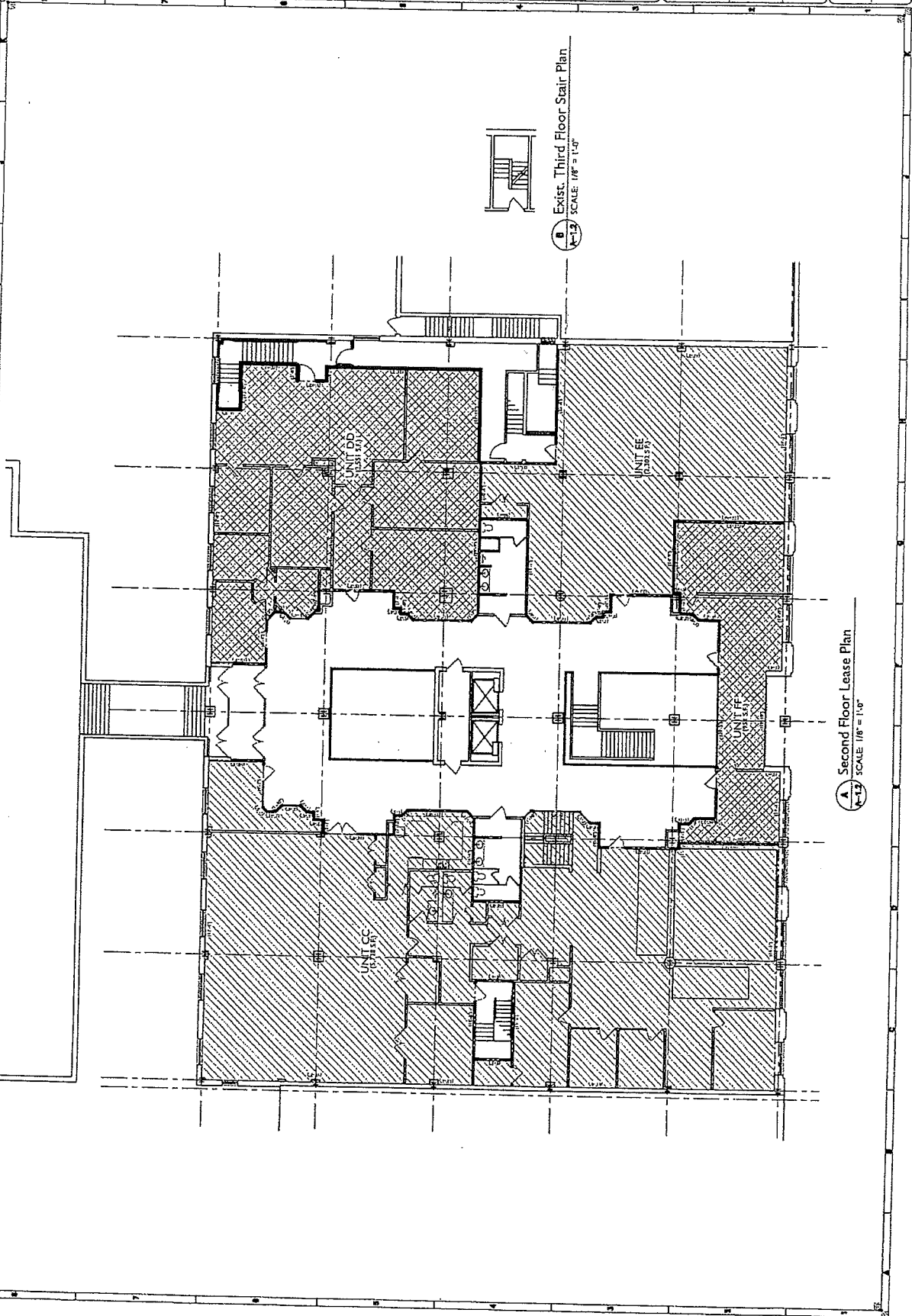
GODWIN JONES
Architecture & Interior Design, Inc.
134-287-0240
2006 Berry Hill Road
Montgomery, AL 36117
www.godwinjones.com



Renovations to:
Magnolia Plaza
Auburn, Alabama
Porter Properties, LLC

Project No.	8004
Client	Porter Properties, LLC
Architect	Godwin Jones
Engineer	Robert L. Jones
Date	08-14-13
Scale	1/8" = 1'-0"
Sheet No.	A-1.2
Book No.	8004
Page No.	435

SHEET TITLE:
SECOND FLOOR PLAN
SHEET NUMBER:
A-1.2



A Second Floor Lease Plan
SCALE: 1/8" = 1'-0"

B Exist. Third Floor Stair Plan
SCALE: 1/8" = 1'-0"

DOCUMENT IS BEING RE-RECORDED DUE TO INITIAL OMISSION
OF FLOOR PLANS

8005 59
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CONDO Book & Page
06-23-2008 09:41:32 AM
Bill English - Probate Judge
Lee County, AL

AMENDMENT NO. 3

TO

DECLARATION OF CONDOMINIUM

OF

MAGNOLIA PLAZA CONDOMINIUM

8005 64
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CONDO Book & Page
06-23-2008 01:35:14 PM
Bill English - Probate Judge
Lee County, AL

Pursuant to Section 15.2 of the Declaration of Condominium of Magnolia Plaza Condominiums recorded at Condominium Book 8A, Page 220, in the Office of the Judge of Probate for Lee County, Alabama (hereinafter the "Declaration"), the Developer hereby amends the Declaration as follows:

1. Paragraph 5.1(a)(1) of Article V of the Declaration is hereby amended to read as follows in its entirety:
 - (1) Upper Boundaries. One-story Units: The plane of the lowest surface of the unfinished ceiling, which is eight (8) feet above the finished floor slab of the Unit. Two-story Unit: The plane of the lowest surface of the unfinished ceiling of the second-level of the Unit, which is nineteen (19) feet above the finished floor slab of the Unit. The only two-story Unit is Unit CC, a commercial Unit.

2. Paragraph 7.1(b)(1) of Article VII of the Declaration is hereby amended to read as follows in its entirety:
 - (1) To not paint or otherwise decorate or change the appearance of any portion of the Condominium Property, except the Owner's Unit, without the prior written approval of the Association.

3. The first sentence only of Paragraph 16.1 of Article XVI of the Declaration is hereby amended to read as follows:

In addition to the manner of termination as provided in Paragraph 11.1(b)

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CONDO Book & Page
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(2) of this Declaration, the Condominium may be terminated at any time by the approval in writing of all Owners and all Mortgagees of record.

4. The "3rd-5th Floors" floor plan attached hereto replaces that included in the Declaration at Condominium Book 8A, Page 263.
5. The "Floor Plan 'A'" attached hereto replaces that included in the Declaration at Condominium Book 8A, Page 264.
6. The "Floor Plan 'B'" attached hereto replaces that included in the Declaration at Condominium Book 8A, Page 265.
7. The elevation of the finished floor slabs in feet above mean sea level are as follows:

First floor	714.83
Second floor	726.76
Third floor	738.69
Fourth floor	749.69
Fifth floor	760.70
8. The maximum number of Units which may be created in the Condominium are:

Residential Units	42
Commercial Units	11
9. The "Supplemental Architect's Certification," attached hereto as Exhibit A, is hereby incorporated into the Declaration of Condominium and Condominium Plat.
10. The "Supplemental Professional Engineer's Certification" attached hereto as Exhibit B, is hereby incorporated into the Declaration of Condominium and Condominium Plat.

8005 65
CONDO Book & Page

8005 61
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CONDO Book & Page
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IN WITNESS WHEREOF, the Developer has executed this Amendment No. 3 to Declaration of Condominium on this 23rd day of June, 2008.

RPM/Magnolia Plaza, LLC
By: Tigertown Investments, Inc.
Its: Manager

By: *Philip Miner*
Philip Miner
Its: SEC/TREASURER

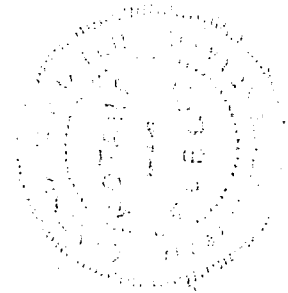
STATE OF ALABAMA)
COUNTY OF LEE) ss

The undersigned notary public hereby certifies that Philip Minor whose name is signed to the foregoing instrument as an authorized officer of Tigertown Investments, Inc., Manager of RPM/Magnolia Plaza, LLC, and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of RPM/Magnolia Plaza, LLC on the day the same bears date.

Given under my hand and seal on this 23rd day of June, 2008.

Cynthia M. Prater
Notary Public
My Commission Expires: **CYNTHIA M. PRATER**
NOTARY PUBLIC
ALABAMA STATE AT LARGE
MY COMM. EXP. 01-25-2009

[seal]



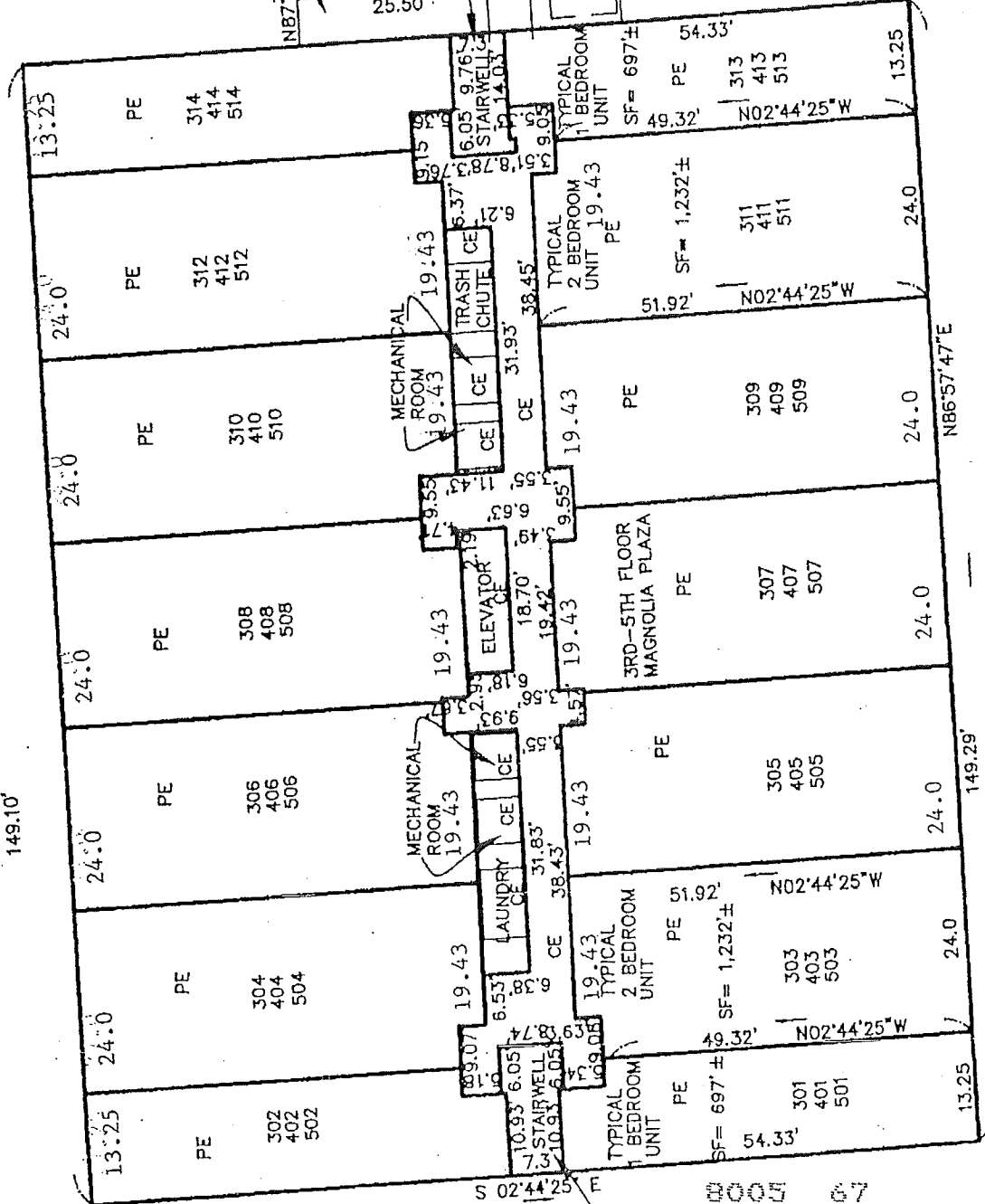
This instrument prepared by and after
recording please return to:
Russell C. Balch, Esq.
Akridge & Balch, P.C.
P.O. Drawer 3738
Auburn, AL 36831-3738
334-887-0884

8005 66
CONDO Book & Page

3RD-5TH FLOORS

N87°00'10"E

149.10'

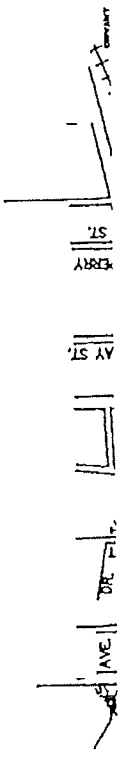


FIRE ESCAPE
EASEMENT
SEE NOTE 6

FLOOR FINISH FLOOR ELEVATION

CONDO 8A 263
Recorded In Above Book and Page
88/10/2005 18:57:18 AM
BILL ENGLISH
PROBATE JUDGE
LEE COUNTY

8005 67
CONDO Book & Page



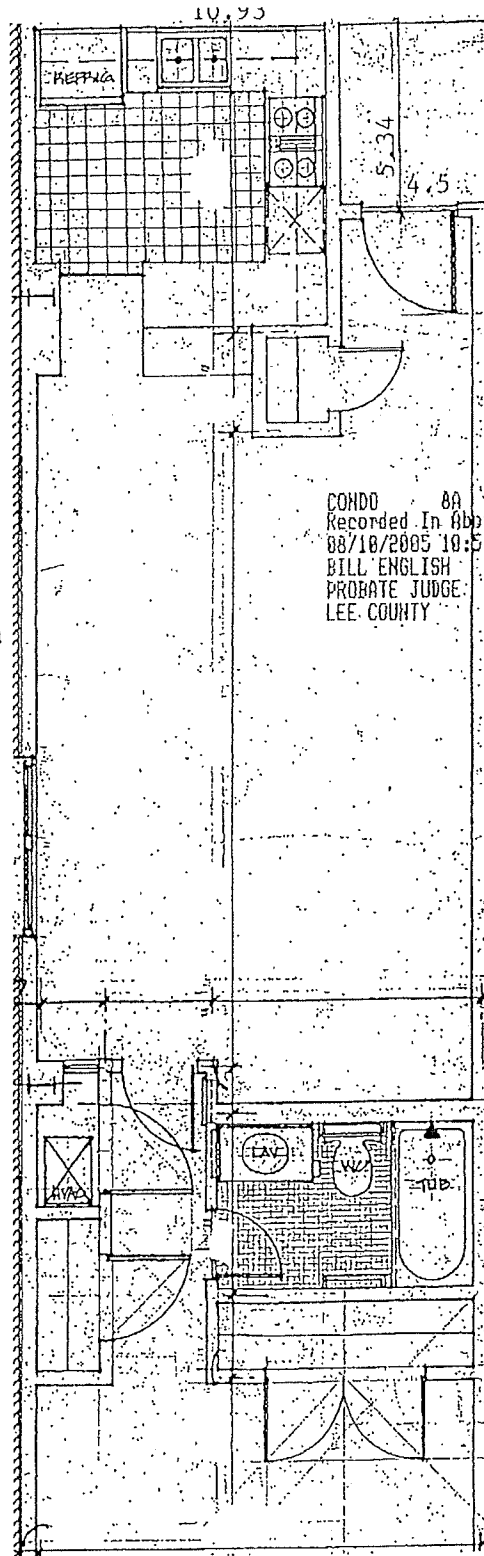
FLOOR PLAN "A"

Units

- 301
- 401
- 501
- 314
- 414
- 514

Units with mirror image floor plan

- 302
- 402
- 502
- 313
- 413
- 513



CONDO 8A 264
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LEE COUNTY

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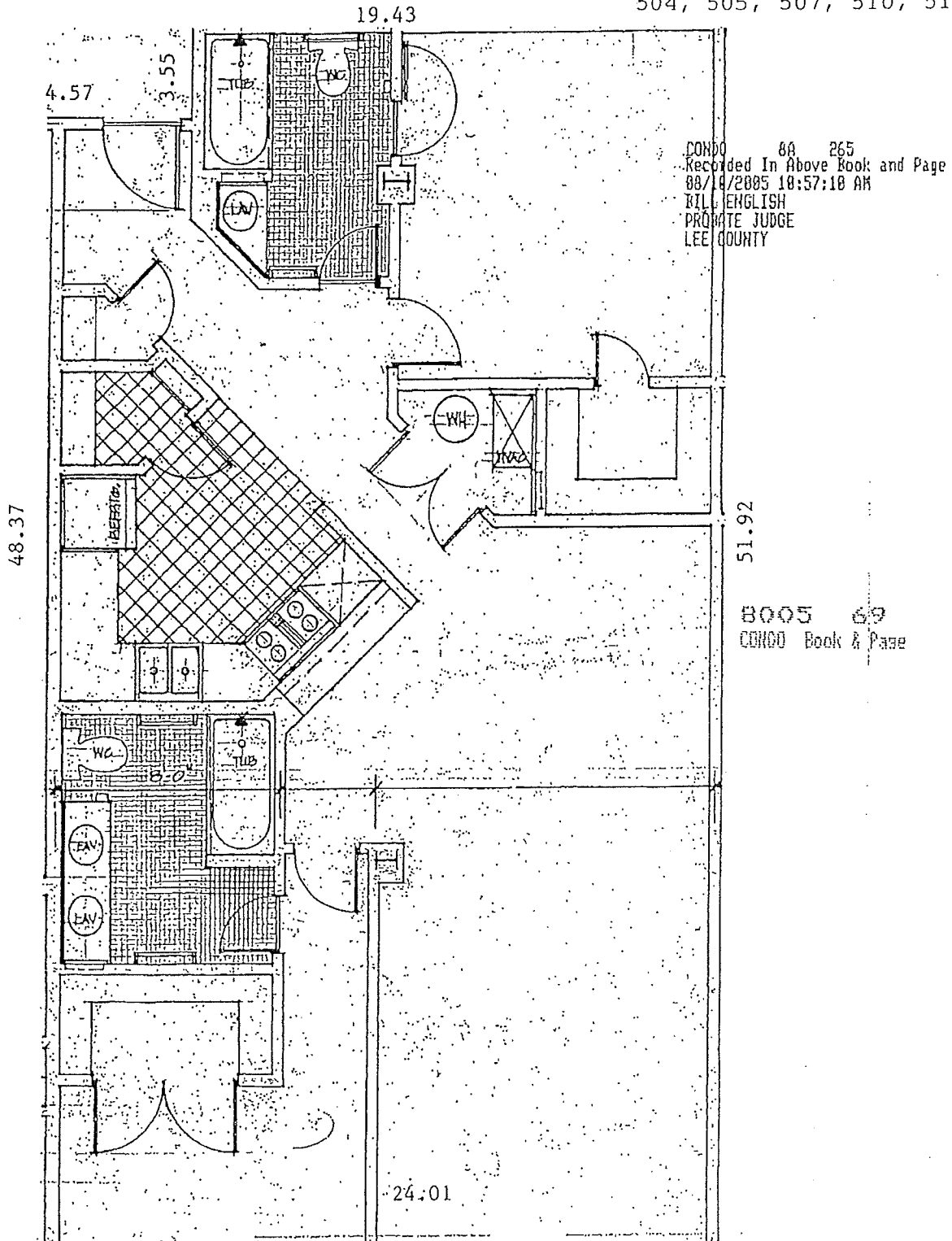
FLOOR PLAN "B"

Units

303, 306, 308, 309, 312
 403, 406, 408, 409, 412
 503, 506, 508, 509, 512

Units with mirror image
 floor plan

304, 305, 307, 310, 311
 404, 405, 407, 410, 411
 504, 505, 507, 510, 511



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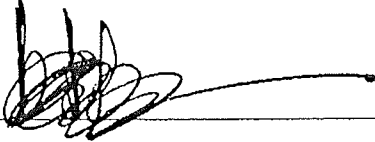
EXHIBIT A

SUPPLEMENTAL ARCHITECT'S CERTIFICATION

STATE OF ALABAMA, LEE COUNTY

I, WILLIAM MICHAEL WATSON, registered architect in the State of Alabama, hereby certify that, to the best of my information, knowledge, and belief, all structural components and mechanical systems which are shown on the plans attached to the Declaration of Condominium recorded in Condominium Book 8A, Page 220 (the "Declaration") as amended by this Amendment No. 3 (the "Amendment"), comprising units of Magnolia Plaza Condominiums, have been substantially completed in accordance with the plans attached to the Declaration and this Amendment.

In witness whereof, I have hereunto set my hand and seal this 9TH day of JULIE, 2008.



State of Alabama Registered Architect
Registration Number 1828

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Bill English - Probate Judge
Lee County, AL

EXHIBIT B

SUPPLEMENTAL PROFESSIONAL ENGINEER CERTIFICATION

STATE OF ALABAMA, LEE COUNTY

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I, Arthur R. Feltner a Professional Engineer, certify that the description of the Upper Boundaries and the elevation of the finished floor slabs as set forth in the foregoing Amendment No. 3 accurately reflect the as-built dimensions of the Units with respect to those matters.

I further certify that all of the information required by Section 35-8A-209, Code of Alabama (1975) is cumulatively contained in the Condominium Plat of Magnolia Plaza Condominium, recorded at Condominium Plat Book 3, Page 139; the plans attached to the Declaration of Condominium recorded in Condominium Book 8A, Page 220; and the information contained in the foregoing Amendment No. 3.

In witness whereof, I have hereunto set my hand and seal this 20th day of June, 2008.

Arthur R. Feltner
Professional Engineer AL. REG. No. 28311

Book/Pgs: 8005/64
Term/Cashier: SCAN1 / AF
Tran: 3259.64483.98111
Recorded: 06-23-2008 13:35:47
REC Recording Fee
Total Fees: \$ 29.00

29.00

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Bill English - Probate Judge
Lee County, AL

Book/Pgs: 8005/59
Term/Cashier: SCAN2 / KW
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Recorded: 06-23-2008 09:42:38
REC Recording Fee
Total Fees: \$ 20.00

20.00

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LEE COUNTY
Recording Fee 30.00
TOTAL 30.00

ARTICLES OF INCORPORATION
OF
MAGNOLIA PLAZA CONDOMINIUM OWNERS ASSOCIATION, INC.
(A Corporation not for profit)

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Alabama Nonprofit Corporation Act (*Code of Alabama* (1975), Sections 10-3A-1, *et. seq.*) hereby adopt the following Articles of Incorporation and certify as follows:

1. **NAME.** The name of the corporation is "Magnolia Plaza Condominium Owners Association, Inc." (hereinafter referred to as the "Association").
2. **DURATION.** The period of duration of the Association shall be perpetual.
3. **PURPOSES.** The purposes for which the Association is organized are:
 - (a) To own, operate, maintain, manage, repair, and replace Common Areas of Magnolia Plaza Condominium and all appurtenances thereto, which is situated in the County of Lee, State of Alabama and described as follows:

**SEE EXHIBIT A, ATTACHED HERETO AND INCORPORATED
HEREIN BY REFERENCE AS IF FULLY SET FORTH**

all of the foregoing being hereinafter referred to as the "Magnolia Plaza" or the "Property."

- (b) To perform and carry out the acts, duties, responsibilities, and conditions delegated to the Association in the Declaration under Alabama Uniform Condominium Act, these Articles of Incorporation, the Bylaws of this Association and all amendments thereto, and all the powers enumerated in Section 35-8A-302 Code of Alabama, 1975.
- (c) To make, establish and enforce reasonable rules and regulations governing the administration, operation, and management of the Property.
- (d) To make, levy, collect, and enforce assessments, as defined in the Declaration, and to use and expend such Assessments in the manner set forth in the Declaration.
- (e) To employ personnel and contract for services, material, and labor, including contracting for the management of the Common Areas.
- (f) To purchase and maintain insurance for such coverages, with such insurance carriers, in such amounts, at such rates, and with such deductibles as may be necessary for the protection of the Association, its officers, directors, and members.

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(g) To sue and be sued, complain and defend in its corporate name.

(h) To enter into, make, and perform contracts of every kind for any lawful purpose without limit as to the amount, with any person, firm, association, partnership, limited partnership, corporation, municipality, county, state, territory, government, governmental subdivision, or body politic.

(i) To carry on any other business in connection with the foregoing, to transact any or all lawful business for which corporations may be incorporated under the Alabama Nonprofit Corporation Act, as amended, and to have and exercise all powers necessary or convenient to effect the purposes of the Association in accordance with and subject to the terms and provisions of the Declaration.

4. INITIAL REGISTERED OFFICE AND AGENT. The location and mailing address of the initial registered office of the Association, and the name of its initial registered agent at such address, are as follows:

Philip J. Minor
472 N. Dean Road, Suite 200
Auburn, AL 36830

5. NONSTOCK AND NONPROFIT STATUS. The Association shall have no capital stock, is not organized for profit, and does not contemplate pecuniary gain or profit to the members thereof. No part of the earnings of the Association shall inure to the benefit of any member, individual officer, or director. The Association does not contemplate the distribution of gains, profits, or dividends to the members thereof and is organized solely for nonprofit purposes.

6. MEMBERS. The members of the Association shall consist of all Owners of Units in The Magnolia Plaza Condominium. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Unit. The voting rights of any member may be limited and suspended in accordance with the provisions of the Declaration.

7. DIRECTORS.

(a) **Number of Directors.** Subject to the terms of the Declaration, which shall be deemed controlling in the event of any conflict with these Articles, the affairs of the Association shall be managed by a Board of Directors. The number of Directors constituting the initial Board of Directors shall be three (3). Thereafter, the number of Directors may be increased or decreased from time to time by action of a majority of the Board of Directors: provided, however that (i) the number of Directors shall in no event consist of less than three (3) Directors, (ii) no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director. The names and addresses of each person who is to serve as an initial Director of the Association until their successors are elected and qualified or until such Directors are removed as provided in Paragraph 7(b) of these Articles are as follows:

Howard J. Porter, Jr.
472 N. Dean Road, Suite 200
Auburn, AL 36830

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Philip J. Minor
472 N. Dean Road, Suite 200
Auburn, AL 36830

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PROBATE JUDGE
LEE COUNTY

Matthew S. Rice
472 N. Dean Road, Suite 200
Auburn, AL 36830

(b) **Removal.** The members of the Association shall have the right at any time and from time to time to remove any Director, either with or without cause, and may appoint a successor to such removed Director. Any vacancies which may thereafter arise on the Board shall be filled as provided in the Bylaws.

(c) **Powers.** Except as may be otherwise provided to the contrary in the Declaration, these Articles of Incorporation or the Bylaws of the Association, all powers of the Association shall be exercised by or under authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

(d) **Conflicts of Interest.** No contract or other transaction between the Association and one or more of its Directors or any other corporation, firm association, or entity in which one or more of its Directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest. Any Director of the Association or any corporation, firm, association, or entity of which any Director of the Association is a director or officer or is financially interested may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that such relationship or interest in such contract or transaction shall be disclosed or known to the Board of Directors at a meeting of the Board of Directors or a committee thereof which authorized, approves, or ratifies such contract or transaction and, if such fact shall be disclosed or known, any Director so related or interested may be counted in determining a quorum at such meeting and may vote on such matter or action with the same force and effect as if he were not so related or interested. Any Director of the Association may vote on any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

8. **INCORPORATOR.** The name and address of the incorporator is as follows:

RPM/Magnolia Plaza, LLC
472 North Dean Road, Suite 200
Auburn, Alabama 36830

9. DISTRIBUTION OF ASSETS UPON DISSOLUTION.

(a) Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

(i) Real property contributed to the Association without the receipt of other than nominal consideration by RPM/Magnolia Plaza, LLC shall be returned to RPM/Magnolia Plaza, LLC unless it refuses to accept the conveyance (in whole or in part);

and

(ii) Unless otherwise agreed to the contrary in the plan of distribution, all remaining assets shall be distributed among the members of the Association, as tenants in common, with each member's share of the assets to be determined in accordance with its voting rights.

(b) Dissolution of the Association shall be accomplished as set forth in the Alabama Nonprofit Corporation Act.

10. POWER OF PRESIDENT, VICE PRESIDENT, SECRETARY AND TREASURER TO EXECUTE DOCUMENTS.

The President, Vice President, Secretary and Treasurer of the Association shall each have the authority to singly execute all instruments, documents, and contracts on behalf of the Association.

11. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS.

(a) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative, including appeals (other than an action by or in the right of the Association), by reason of the fact that he is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such claim, action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; and, with respect to any criminal action or proceeding, no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed claim, action, or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit of he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate, or wanton misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which court shall deem proper.

(c) To the extent that a Director, officer, employee, or agent of the Association has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Paragraphs 11(a) and (b) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue, or matter in any such action, suit or proceeding.

(d) Any indemnification under Paragraphs 11(a) and (b) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee, or agent is proper in the circumstances because he has meet the applicable standard of conduct set forth in Paragraphs 11(a) and (b) above. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to such claim, action, suit, or proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by a majority vote of the members of the Association.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit, or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit, or proceeding as authorized in the manner provided in Paragraph 11(d) above upon receipt of an undertaking by or on behalf of the Director, officer, employee, or agent to repay such amount if and to the extent that it shall ultimately determined that he is not entitled to be indemnified by the Association as authorized in this Paragraph 11.

(f) The indemnification authorized by this Paragraph 11 shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule

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of law, provisions of these Articles of Incorporation, Bylaw, agreement, vote of members or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(g) The Association shall have power to purchase and maintain insurance in behalf of any person who is or was a Director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Paragraph 11.

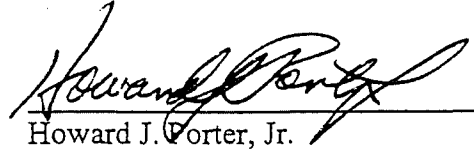
12. **AMENDMENT.** These Articles may be amended, subject to the terms and conditions of the Declaration, by the affirmative vote of at least two-thirds (2/3) of the total votes in the Association (i.e., two-thirds (2/3) of all Owners).

13. **INCORPORATION BY REFERENCE.** All of the terms, provisions, definitions, covenants, and conditions set forth in the Declaration are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions definitions, covenants, and conditions set forth herein and the Declaration, then the provisions of the Declaration shall at all times control.

IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed its name to these Articles of Incorporation as of this the 5th day of May, 2005.

IN THE PRESENCE OF:

RPM/Magnolia Plaza, LLC
By: Tigertown Investments, Inc.,
an Alabama Corporation

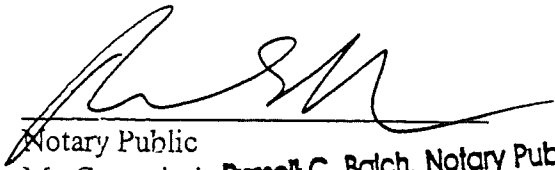
By: 
Howard J. Porter, Jr.
Its: President

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PROBATE JUDGE
LEE COUNTY

STATE OF ALABAMA)
COUNTY OF LEE) ss

The undersigned notary public hereby certifies that Howard J. Porter, Jr. whose name is signed to the foregoing instrument as an authorized officer of Tigertown Investments, Inc., Managing Member of RPM/Magnolia Plaza, LLC, the Incorporator, and who is known to me, acknowledged before me this day, that being informed of and understanding the contents of same, that he executed the same voluntarily as such officer for and on behalf of RPM/Magnolia Plaza, LLC on the day the same bears date.

Given under my hand and seal on this 5 th day of May, 2005.



[seal]

Notary Public
My Commission Expires
Russell C. Balch, Notary Public
Alabama - State at Large
My Commission Expires - April 29, 2007

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LEE COUNTY

EXHIBIT NO. C

BYLAWS
OF
MAGNOLIA PLAZA CONDOMINIUM OWNERS ASSOCIATION, INC.,
(an Alabama Nonprofit Corporation)

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PROBATE JUDGE
LEE COUNTY

I. IDENTITY

These are the Bylaws of Magnolia Plaza Condominium Owners Association, Inc., a corporation not-for-profit under the laws of the State of Alabama, hereinafter referred to as the "Association" and under the Articles of Incorporation (the "Articles") which have been duly recorded. The Association has been organized for the purpose of administering a condominium upon certain lands in Lee County, Alabama known as Magnolia Plaza Condominium (the "Condominium"), in accordance with the Declaration of Condominium for Magnolia Plaza Condominium (the "Declaration").

1. The office of the Association shall be at 472 North Dean Road, Suite 200, Auburn, Alabama 36830, or at such other place as may be designated by the board of directors from time to time.
2. The fiscal year of the Association shall be the calendar year.
3. The seal of the corporation shall bear the name of the corporation, the word "Alabama," the words "Corporation Not-for-Profit," and the year of incorporation.
4. The terms used in these Bylaws shall have the same meaning as the identical terms utilized in the Declaration unless the context otherwise requires.

II. MEMBERS' MEETINGS

1. The annual members' meeting shall be held at such time, place and date as may be designated by the board of directors, for the purpose of electing directors and of transacting any other business authorized to be transacted by the members.
2. Special members' meetings shall be held whenever called by the president or vice-president or by majority of the board of directors and must be called by such officers upon receipt of a written request from ten percent (10%) of the voting interests except as provided for in Article III below. Unless otherwise set forth in the notice of special meeting, as provided for above, all special meetings shall be held in Lee County, Alabama.
3. Notice of all members' meetings stating the time and place and the agenda for which the meeting is called shall be mailed by the president or secretary, unless waived in writing. Such notice shall be sent in writing to each member at his address as it appears on the books of the Association and shall be sent by mail to each member not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. The post office certificate of mailing shall be retained in the records of the Association as proof of such mailing. In addition, a

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notice of the meeting shall be posted at a conspicuous place on the Condominium Property or Association Property, which location shall be duly adopted by rule by the board, upon notice to the Unit Owners, at least for fourteen (14) continuous days prior to said meeting; however, if there is no Condominium Property or Association Property upon which notices can be posted, this requirement does not apply. Members may waive notice of specific meetings and may take action by written agreement without meetings. As provided in the Declaration, Mortgagees, as that term is defined in the Declaration, shall, upon prior written request, be entitled to receive notice of all members' meetings. Failure to provide such notice shall not invalidate any action taken at an otherwise properly noticed meeting. Where assessments against members are to be considered for any reason at a members' meeting, the notice shall contain a statement that assessments will be considered and shall specify the nature of any such assessment.

4. The presence in person or by proxy of members representing a majority of the total voting interests eligible to vote shall constitute a quorum, and decisions shall be made by the vote of a majority of the members at a meeting at which a quorum is present.

5. Each unit shall be entitled to one (1) vote at Association meetings. Votes for Units owned by more than one person or by a corporation or other entity shall be cast by the voting representative for the Unit as named in a voting certificate signed by all of the Owners of that Unit and filed with the secretary of the Association. Each voting certificate shall be valid until revoked by a subsequent voting certificate.

6. Votes may be cast in person or by proxy in accordance with and as permitted by applicable law. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof and must be filed with the secretary at or before the appointed time of the meeting. Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy for him, and the date the proxy was given. Each proxy shall contain the date, time and place of the meeting for which the proxy is given, and if a limited proxy, set forth those items which the holder of the proxy may vote and the manner in which the vote is cast. In no event shall any proxy be valid for a period of longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the member executing it. If a proxy expressly provides, any proxy holder may appoint, in writing, a substitute to act in his place. If such provision is not made, substitution is not authorized.

7. Approval or disapproval of a member upon any matter, whether or not the subject of an Association meeting, shall be by the same person, corporation or other entity who would cast the vote of such member if in an Association meeting.

8. If any meeting of members cannot be organized because a quorum has not been achieved, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

9. The order of business at annual members' meetings and, as far as practicable at all other members' meetings, shall be:

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- A. Call to order.
- B. Election of chairman of the meeting.
- C. Calling of the roll and certifying of proxies.
- D. Proof of notice of meeting or waiver of notice.
- E. Reading and disposal of any unapproved minutes.
- F. Report of officers.
- G. Report of committees.
- H. Election of directors.
- I. Unfinished business.
- J. New business.
- K. Adjournment.

10. For so long as the Developer holds Units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

- A. Assessment of the Developer as the Owner of Units for capital improvements; and,
- B. Any action by the Association that would be detrimental to the sale of Units by the Developer.

III. DIRECTORS

1. The affairs of the Association shall be managed by a board of directors who shall be members of the Association, excepting that the first board of directors and their successors appointed by the remaining directors (in the event of vacancies occurring before the first election of a majority of directors by members) need not be members. The initial board of directors shall consist of three (3) directors, and thereafter the membership of the board shall

consist of not less than three (3) nor more than seven (7) directors. Within these limits, the board of directors may from time to time increase or decrease the number of persons to serve on the board, except that the board shall always contain an odd number of members. Where units are owned by corporations, the officers, directors, employees or other appointed representatives of said corporations shall be eligible to serve on the board of directors of the Association on behalf of the corporation.

2. Election of directors shall be conducted in the following manner:

A. Members of the board of directors shall be elected by written ballot or voting machine. Proxies shall in no event be used in elections to fill vacancies caused by recall, resignation, or otherwise, unless specifically allowed by statute. Not less than 60 days before a scheduled election, the Association shall mail or deliver, whether by separate association mailing or included in another association mailing or delivery including regularly published newsletters, to each unit owner entitled to vote, a first notice of the date of the election. Any Unit Owner or other eligible person may nominate himself or may nominate another unit owner or eligible person. Any Unit Owner or other eligible person desiring to be a candidate for the board of directors must give written notice to the Association not less than 40 days before a scheduled election. Prior to the election, the Association shall mail or deliver a second notice of the election to all Unit Owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8 ½ inches by 11 inches, which must be furnished by the candidate not less than 35 days before the election, to be included with the mailing of the ballot, with costs of mailing and copying to be borne by the Association. However, the Association shall have not liability for the contents of the information sheets prepared by the candidates. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least 20% of the eligible voters must cast a ballot in order to have a valid election of members of the board of directors.

B. Vacancies on the board of directors may be filled by majority of the remaining directors, even though a quorum may not exist, subject to the provisions of Paragraph 2(C) of this Article. A director appointed to fill a vacancy in office shall serve the remainder of the term of the office to which he is appointed.

C. The directors named in the Articles of Incorporation shall serve until the first election of directors, and any vacancies in office occurring before the first election shall be filled by the remaining directors. In the event there are no remaining directors then any such vacancies shall be filled by the Developer. Owners of Units other than the Developer will be entitled to elect members of the board of directors as follows:

1) The Owners of Units other than the Developer shall be entitled to elect a majority of the members of the board of directors not later than the earliest of (i) 60 days after conveyance of 75 percent of the Units which may be created to Unit Owners other than Developer; (ii) two years after Developer has ceased to offer Units for sale in the ordinary course of business; or (iii) two years after any development right to add new Units was last exercised. Developer may voluntarily surrender the right to appoint and remove officers and members of the

board before termination of that period, but in that event he may require, for the duration of the period of Developer control, that specified actions of the Association or board of directors, as described in a recorded instrument executed by the Developer, be approved by the Developer before they become effective.

2) Not later than 90 days after conveyance of 25 percent of the Units which may be created to Unit Owners other than Developer, at least one member and not less than 25 percent of the members of the board must be elected by Unit Owners other than the Developer. Not later than 90 days after conveyance of 50 percent of the Units which may be created to Unit Owners other than Developer, not less than 33 1/3 percent of the members of the board must be elected by Unit Owners other than the Developer.

3) Unit Owners, by a two-thirds vote of all persons present in person and entitled to vote at any meeting of the Unit Owners at which a quorum in person is present, may remove any member of the board with or without cause, other than a member appointed by the Developer.

4) As to the election of directors pursuant to Subparagraphs (1), (2) and (3) above, within seventy-five (75) days after Owners other than the Developer are entitled to elect a member or members of the board of directors of the Association, the Association shall call and give not less than sixty (60) days notice of an election for the members of the board. The election shall proceed pursuant to Article III, Section 2, above.

5) Nothing in this subparagraph shall be construed so as to preclude the Developer from relinquishing control of the board of directors at any time the Developer may so elect.

3. Members of the board of directors who are elected by Owners other than the Developer at the annual meeting of members shall serve for one (1) year until the next annual meeting of the members and thereafter, unless and until his successor is duly elected or qualified or until he is removed in the manner elsewhere provided.

4. The organizational meeting of a newly elected board of directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected or at a time and place so announced at said meeting. Notice of the organizational meeting shall be given in the same manner as set forth in Article III, section 5 below.

5. Regular meetings of the board of directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph at least three (3) days prior to the date named for such meeting unless such notice is waived. Notice of all meetings of the board shall be posted in a conspicuous place on the Condominium Property for the benefit of members at least forty-eight (48) continuous hours in advance of such meeting, except in an emergency. Any item not included on the notice may be taken up on an emergency

basis by at least a majority plus one of the members of the board. Such emergency action shall be noticed and ratified at the next regular meeting of the board. Upon notice to the Unit Owners, the board shall be duly adopted rule designate a specific location on the Condominium Property or Association Property upon which all notices of board meetings shall be posted. If there is no Condominium Property or Association Property upon which notices can be posted, notices of board meetings shall be mailed or delivered at least 14 days before the meeting to the Owner of each Unit. All meetings of the board of directors shall be open to all Unit Owners, who shall have the right to speak with reference to all designated agenda items subject to reasonable rules governing the frequency, duration, and manner of Unit Owner statements.

6. Special meetings of the directors may be called by the president and must be called by the secretary at the written request of one-third (1/3) of the votes of the board. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

7. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Any director's attendance at a meeting shall constitute a waiver of the notice of that meeting.

8. A quorum at directors' meetings shall consist of the directors entitled to cast a majority of the votes of the entire board. The acts of the board approved by a majority of votes present shall constitute the acts of the board of directors except as specifically otherwise provided in the Declaration. If at any meeting of the board of directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. The presiding officer at board of directors' meetings shall be the president of the Association. In the absence of the president the vice-president shall preside;

10. Directors' fees, if any, shall be determined by the members of the Association, and no director shall receive a fee prior to the election of a majority of the members of the board of directors by Owners other than the Developer.

11. Owner directors may be removed from the board of directors pursuant to Section III.2.C.(3).

12. Anything to the contrary contained herein notwithstanding, any director who is appointed by the Developer may be removed by the Developer at any time. Upon such removal, the Developer shall immediately appoint a replacement director and notify the remaining directors, if any, of such removal and appointment.

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the board of

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directors including those existing under the common law, statutes, the Articles and the Condominium Documents. Such powers and duties of the directors shall be exercised in accordance with the provisions of the Declaration which governs the use of the land, and shall include but not be limited to the following:

1. To adopt a budget and to make and collect assessments against Owners to defray the costs of operating the Condominium.
2. To use the proceeds of assessments in the exercise of its powers and duties.
3. To maintain, manage, repair, replace and operate the Condominium property, including but not limited to, obtaining and maintaining adequate insurance to protect the Association and the Condominium property. If desired, each Owner shall obtain insurance coverage upon fixtures, appliances, flooring, cabinets and other personal property within his Unit at his own expense. The Association shall not provide any insurance coverage for such personal property.
4. To reconstruct improvements after casualty and to construct further improvements to the Condominium property.
5. To promulgate and amend the Condominium Rules and Regulations respecting the use of Condominium Property. Such rules and regulations may be promulgated by the board of directors at any duly noticed meeting of the board or of the members.
6. To enforce by legal means the provisions of the Condominium Documents, the Articles, these Bylaws, and the Condominium Rules and Regulations.
7. To contract for management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the Condominium Documents or applicable law to have approval of the board of directors or members of the Association. Notwithstanding any provisions contained in these Bylaws to the contrary, it is the intent of these Bylaws that the ability of the board of directors of the Association to independently terminate a contract for the management of the Condominium without a vote of the Owners shall be governed solely by the terms and conditions of said management contract.
8. To pay taxes and assessments which are liens against any part of the Condominium Property other than individual Units and the appurtenances thereto, and to assess the same against the Unit Owner subject to such liens.
9. To pay the cost of all power, water, sewer and other utility services rendered to the Condominium and not billed to Owners of individual Units.
10. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, including but not limited to accountants and attorneys.

11. To bond any or all employees, officers and directors of the Association, for which the Association shall bear the costs.

12. To maintain all books and records concerning the Condominium including, but not limited to, the maintenance of a complete list of the names and addresses of all Owners of Units.

V. OFFICERS

1. The executive officers of the corporation shall be a president, a vice-president, a secretary, and a treasurer, all of whom shall be directors who shall be elected annually by the board of directors at any meeting. Any person may hold two or more offices except that the president shall not also be the vice-president, secretary or treasurer, or assistant secretary or assistant treasurer. The board of directors shall from time to time elect such other officers and designate their powers and duties as the board determines necessary to manage the affairs of the Association.

2. The president shall be the chief executive of the Association. He shall have all of the powers and duties which are usually vested in the office of president including, but not limited to, the power of appointing committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

3. The vice-president shall in the absence of or disability of the president exercise the powers and duties of the president. He shall also generally assist the president and exercise such other powers and perform such other duties as shall be prescribed by the directors.

4. The secretary shall keep the minutes of the proceedings of the directors and the members in a book available for inspection by the directors or members, or their authorized representatives, at any reasonable time. The Association shall retain these minutes for a period of not less than seven (7) years. He shall attend to the giving and serving of all notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall have custody of all property of the Association, including financial records, funds, securities and evidences of the indebtedness. He shall keep the financial records of the Association and shall keep the assessment rolls, the accounts of the members, and the books of the Association in accordance with generally accepted accounting practices. He shall perform all other duties incident to the office of secretary of an Association and as may be required by the directors or the president.

5. The President, Vice President, Secretary and Treasurer of the Association shall each have the authority to singly execute all instruments, documents, and contracts on behalf of the Association.

6. The compensation of all employees of the Association shall be fixed by the directors. This provision shall not preclude the board of directors from employing a director or

officer as an employee of the Association nor preclude the contracting with a director for the management of the Condominium.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and the Articles shall be supplemented by the following provisions:

1. Initial Working Capital Fund. The board of directors shall establish a working capital fund for the initial months of Condominium operations equal to at least two (2) month's estimated Common Expenses for each unit declared.

2. Assessments.

A. The board of directors of the Association shall fix and determine from time to time the sum or sums necessary and adequate for the Common Expenses of the Condominium. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, and any other expenses designated as Common Expenses from time to time by the board of directors of the Association, or under the provisions of the Declaration. The board of directors is specifically empowered, on behalf of the Association, to make and collect assessments and to lease, maintain, repair and replace the Common Elements of the Condominium. Funds for the payment of Common Expenses shall be assessed against the members in the proportions of percentages of sharing Common Expenses, as provided in the Declaration. Assessments for Units shall become due as determined by the board of directors from time to time, and shall be considered delinquent if payment has not been received on or before the fifteenth day after the due date, unless otherwise ordered by the board of directors. Special assessments, should such be required by the board of directors, shall be levied in the same manner as provided for regular assessments, and shall be payable in the manner determined by the board of directors. If a member shall be in default in the payment of any assessment due on his Unit, the Association shall have all collection rights available to it under Alabama law and the Declaration. If any unpaid share of Common Expenses or assessments is extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure thereof, the unpaid share of Common Expenses or assessments shall be Common Expenses collectible from all the Owners.

B. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such an account shall designate the name and address of the members or member, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments. Assessments shall be made against members in an amount not less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. In the absence of a determination by the directors as to the

frequency of assessments, assessments shall be due and payable monthly. The personal liability of a member for assessments shall survive the termination of such member's membership in the Association.

C. Any member shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Unit. The holder of a mortgage or other lien shall have the same right as to any Unit upon which he has a lien. Any person who relies upon such certificate shall be protected thereby.

D. Notice of any meeting, whether a meeting of the board of directors or of the members of the Association, at which assessments against members are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of such assessments.

4. Budget.

A. The board of directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association and estimates of the income of the Association. The proposed annual budget of Common Expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but not be limited to, roof replacement, building painting and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item. These reserve accounts may be waived annually, or less adequate reserves established by a majority of the total voting interests voting in person or by limited proxy at a duly called meeting of the Association. The budget shall include but not be limited to the following items:

(a) Common Expense Budget

- i. Administration of the Association.
- ii. Management fees.
- iii. Maintenance.
- iv. Rent for recreational and other commonly used facilities (if applicable).
- v. Taxes upon Association property.
- vi. Taxes upon leased areas (if applicable).
- vii. Insurance.

- viii. Security provisions.
- ix. Operating capital.
- x. Reserves.
- xi. Fees payable to any governmental agency.
- xii. Other expenses.

(b) Proposed assessments against each member, together with an annual total assessments.

B. Copies of the proposed budget and proposed assessments shall be transmitted to each member at least fourteen (14) days prior to the meeting at which the budget is to be considered, together with a notice of the meeting which shall state the time and place of the meeting. The meeting shall be open to all members. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member. If an adopted budget required assessment against the members in any fiscal or calendar year in excess of 115% of the assessments for the preceding year, the board of directors, upon written application of 10% of the voting interests of the Association to the board of directors, shall call a special meeting of the members of the Association within thirty (30) days, upon not less than ten (10) days written notice to each member of the Association. At the special meeting, members shall consider and enact a budget. The adoption of the budget at such a special meeting shall require a vote of a majority of all voting interests. The board of directors may propose a budget which exceeds 115% of the assessments for the preceding year to the members at a meeting of the members or in writing, and if the budget or proposed budget is approved at the meeting or by a majority of all voting interests in writing, the budget shall be adopted. If a meeting of the Unit Owners has been called and a quorum is not attained or a substitute budget is not adopted by the Unit Owners, the budget adopted by the board of directors shall go into effect as scheduled. In determining whether assessments exceed 115% of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacements of the Condominium Property, expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or assessments for capital improvements to the Condominium Property shall be excluded from the computation. However, as long as the Developer is in control of the board of directors, the board of directors shall not impose an assessment for any year greater than 115% of the prior fiscal or calendar years assessment without approval of a majority of all voting interests of the Association.

5. The depository of the Association shall be such bank or other institution permitted by applicable law, as shall be designated from time to time by the board of directors and from which the monies in such accounts shall be withdrawn only by checks signed by such persons as are authorized by the board of directors.

6. Within sixty (60) days following the end of the Association's fiscal year, the board of directors shall mail or furnish by personal delivery to each member a complete

financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall also be furnished to any Mortgagee upon written request.

Within one-hundred, twenty (120) days following the end of the Association's fiscal year, an audited financial statement for the preceding fiscal year shall be available to the holder, insurer, or guarantor of any first mortgage that is secured by a Unit upon submission of a written request therefor.

In lieu of sending the financial report to the owners as set forth above, the board of directors shall be permitted to send a complete set of financial statements to the owners within ninety (90) days following the end of the previous fiscal year.

7. The board of directors shall obtain fidelity bonding of all officers and directors who control or disburse funds of the Association and as provided in the Declaration. The amount of such bonds shall be determined in accordance with Alabama law and the Declaration. The premiums on such bonds shall be paid by the Association as a common expense.

VII. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Articles and Bylaws or with the statutes of the State of Alabama.

VIII. AMENDMENTS

Amendments to the Bylaws shall be proposed and adopted in the following manner:

1. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

2. An amendment may be proposed by either the board of directors or by the membership of the Association. Except as otherwise provided herein, a resolution adopting a proposed amendment must receive approval of not less than two-thirds (2/3rds) of all the directors until the first election of a majority of directors by Owners other than the Developer. Thereafter, the Bylaws may be amended by not less than two-thirds (2/3rds) of all the directors and by not less than a three-fourths (3/4ths) vote of the members of the Association at a duly called meeting of the Association. Directors and members not present at the meeting considering the amendment may express their approval in writing within ten (10) days after such meeting.

3. At any time prior to the first election of a majority of directors by Owners other than the Developer, these Bylaws may be amended by the Developer, if necessary, to make the same consistent with the provisions of the Declaration, to meet the requirements of any governmental entity or statute, FHA or V.A rules, regulations or policies, and as may be in the best interests of the Association. No bylaw shall be revised or amended by reference to its title or

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number only. Proposals to amend existing bylaws shall contain the full text of the bylaws to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through the hyphens. However, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language "Substantial rewording of Bylaw. See Bylaw.... for present text." Nonmaterial errors or omissions in the bylaw amendment process shall not invalidate an otherwise properly promulgated amendment.

4. Any amendments to these Bylaws shall be in accord with the terms and provisions of the Declaration which sets forth certain additional voting and approval requirements with respect to certain types of amendments.

IX. SEVERABILITY AND CONFORMITY TO STATE LAW

These Bylaws are to be governed by and construed according to the laws of the State of Alabama. If it should appear that any of the provisions hereof are in conflict with the Declaration or any rule of law or statutory provision of the state of Alabama, then such provisions of these Bylaws shall be deemed inoperative and null and void insofar as they may be in conflict therewith, and shall be deemed modified to conform to the Declaration or such rule of law.

X. MANDATORY MEDIATION

Internal disputes arising from the operation of the Condominium among the Developer, the Association, the Owners, their respective agents and assigns, or any or all of them, must be submitted first for resolution through mediation pursuant to the Alabama Civil Court Mediation Rules.

XI. LIMITED POWER TO CONVEY COMMON ELEMENTS

The Association shall have a limited power to convey a portion of the Common Elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

XII. MISCELLANEOUS

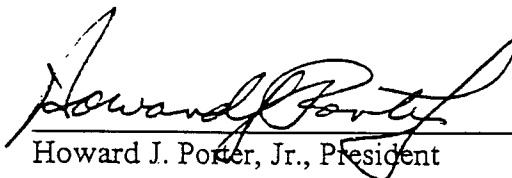
1. The Association shall make available to Unit Owners and Mortgagees for inspection during normal business hours current copies of the Declaration, these Bylaws, the Association Articles of Incorporation, the Condominium Rules and Regulations and other books, records and financial statements of the Association. The Association shall also make available to prospective purchasers of Units current copies of the above-listed documents as well as the most recent annual audited financial statement, if such is prepared.

2. Mortgagees shall be afforded all those notice rights more fully set forth in the Declaration. Such notices shall be provided at Association cost.

CERTIFICATE

The undersigned hereby certifies that he is the duly elected and acting President of the Association named herein and that the foregoing is a true copy of the Bylaws of said Association duly adopted by action of the Directors dated May 5, 2005, and hereby further certifies that such Bylaws have not been amended or rescinded and remain in full force and effect at the date hereof.

Dated the 5 day of May, 2005.


Howard J. Porter, Jr., President

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LEE COUNTY

EXHIBIT D

PERCENTAGE ALLOCATION

<u>Unit Mix/ Type</u>	<u>No. Units</u>	<u>Size (Sq. Ft.)</u>	<u>Total Sq. Ft.</u>	<u>Unit % of Total</u>
1 BR	12	697	8,364	0.9852%
2 BR	30	1,232	36,960	1.7415%
Commercial Unit AA	1	512	512	0.7237%
Commercial Unit BB	1	5,696	5,696	8.0516%
Commercial Unit CC	1	6,233	6,233	8.8106%
Commercial Unit DD	<u>1</u>	<u>12,979</u>	<u>12,979</u>	18.3464%
	46		70,744	

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EXHIBIT NO. E

MANAGEMENT AGREEMENT

In consideration of the covenants herein contained Magnolia Plaza Condominium Owner's Association, (hereinafter called Owner, and Porter Properties, L.L.C. (hereinafter called Agent), agree as follows:

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1. The Owner hereby employs the Agent exclusively to manage the property known as Magnolia Plaza Condominiums located at 145 East Magnolia Avenue in Auburn Alabama, upon the terms hereinafter set forth for the period beginning on or about the 1st day of August, 2005, and ending the 31st day of July, 2006 and thereafter for annual periods unless terminated by either party. Either party may terminate this agreement at any time upon thirty (30) days written notice.
2. The Agent accepts the employment and agrees:
 - (a) To use due diligence in the management of the premises for the period and upon the terms herein provided, and agrees to furnish the services of his/its organization for the operating and managing of the herein described premises. A detailed schedule of management functions will be developed with an HOA representative.
 - (b) To render monthly statements of receipts, expenses and charges and to remit to Owner receipts less disbursements. In the event the disbursements shall be in excess of the fees collected by the Agent, Owner hereby agrees to pay such excess promptly upon demand of Agent.
 - (c) To deposit all receipts Collected for Owner (less any sums properly deducted or otherwise provided herein) in an Escrow Account in a national or state institution qualified to engage in the banking or trust business, separate from Agent's personal account. However, Agent will not be held liable in event of bankruptcy or failure of a depository.
 - (d) In reference to paragraph (c) above it is hereby expressly agreed that Agent will retain as an administrative fee, one half (1/2) of all fees collected such as late fees and returned check fees; to cover administrative expenses involved in the above collections.
3. The owner hereby gives to the Agent the following authority and powers and agrees to assume the expense in connection herewith:

Initials

PSM Owner

MM-XC Agent

- (a) to collect fees due or to be become due and give receipts thereof; to sign and serve in the name of the Owner such notices as are appropriate; to institute and prosecute action; to sue for in the name of the Owner and recover fees and other sums due; and when expedient to settle, compromise, and release such actions or suits.
- (b) To make or cause to be made and supervise repairs and alterations, and to do decorating on said premises; to purchase supplies and pay all bills therefor. The Agent agrees to secure the prior approval of the Owner on all expenditures in excess of \$500.00 for any one item except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if in the opinion of the Agent such repairs are necessary to protect the property from damage or to maintain services to the tenants as called for in their lease.
- (c) To hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises.
- (d) To make contracts for electricity, gas, fuel, water, telephone, window cleaning, trash or rubbish hauling and other services of such of them as the Agent shall deem advisable; the Owner to assume the obligation of any contract so entered into at the termination of this agreement.

4. The Owner further agrees:

- (a) To carry, at its own expense, public liability insurance to protect the interests of the parties hereto, which policies shall be so written as to protect the Agent in the same manner and to the same extent they protect the Owner, and will name the Agent, as additional insured. The Agent also shall not be liable for any error of judgement for any mistake of fact of law, or for anything which it may do or refrain from doing hereinafter, except in cases of willful misconduct or gross negligence.

The Agent is hereby instructed and authorized to pay from the gross receipts (the "Gross Receipts") amounts in respect of real or personal property taxes, if applicable or insurance premiums arising in connection with the property and if expressly directed by Owner, any mortgage or other lien on or against the property.

- (c) To pay the Agent 4% of any maintenance contract or repairs other than for contract warranty of two-thousand (\$2,000.00) or more requiring supervisory time and action by the Agent.
- (d) To pay the Agent \$1,250 per month for the management of the Condominium Association.

This Agreement shall be binding upon the successors and assigns of the Agent, and the heirs, administrators, executors, successors and assigns of the Owner.

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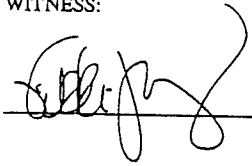
 Owner

 Agent

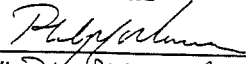
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IN WITNESS WHEREOF the parties hereto have affixed or caused to be affixed their respective signatures this 1 day of August, 2005.

WITNESS:



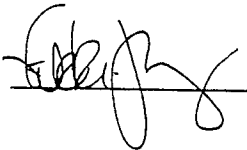
OWNER: Magnolia Plaza Condominium
Owner's Association

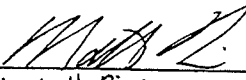

By: PHILIP J. MINSOR

By: _____

By: _____

AGENT:
PORTER PROPERTIES, LLC




By: Matt Rice
Its: Mmbri

Initials
PSM Owner
_____ Agent

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EXHIBIT F

**CONDOMINIUM RULES AND REGULATIONS
MAGNOLIA PLAZA CONDOMINIUM**

Each Owner shall be governed by and shall comply with the terms of the Condominium Documents and Condominium Rules and Regulations adopted pursuant to those documents. All terms used in these Condominium Rules and Regulations shall have the same meaning as the identical terms used in the Declaration of Condominium for Magnolia Plaza Condominium. Failure of an Owner to comply with the provisions of the Condominium Documents and these Condominium Rules and Regulations shall entitle the Association or other Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including but not limited to an action for damages, an action for injunctive relief or an action for declaratory judgment.

1. Common Elements and Limited Common Elements. The Common Elements and Limited Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Owners, their guests and lessees. The clean up of any Limited Common Element adjacent to a Commercial Use on the first two floors is the responsibility of the Units owner(s) with rights in said Limited Common Element.

2. Nuisances. No nuisance shall be allowed upon the Condominium Property or within a Unit, nor any use or practice that is the source of annoyance to Owners or which interferes with the peaceful possession and proper use of the Condominium Property by the Owners. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate nor any fire hazard allowed to exist. Any costs incurred by the Association resulting from the clean up or the repair of damages to the Common Elements caused by any Unit owner or its tenant(s), guest(s) or invitee(s), shall be assessed to that Unit owner. No Owner shall permit any use of a Unit or make or permit any use of the Common Elements that will increase the cost of insurance upon the condominium Property. If the use within a Commercial Unit, other than a use existing at the time of conversion, causes the Association's insurance rating and subsequent premiums to increase as a result of said use, any additional or increased costs or premiums associated with said use will be assessed to that specific Unit owner by the Association as additional assessments.

3. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or a Unit, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. See Declaration of Condominium for prohibited uses.

4. Leasing of Units. All of the terms and provisions of the Condominium Documents and these Condominium Rules and Regulations pertaining to use and occupancy

shall be applicable and enforceable against any person occupying a Unit as a tenant to the same extent as against an Owner. The right of an Owner to lease or rent his Unit shall be restricted as described in the Declaration.

5. Signs. No "For Sale" or "For Rent" signs larger than three feet by three feet (3'x3'), shall be maintained on any part of the Common Elements, Limited Common Elements, or Units on the first or second floor. No other displays or advertising shall be allowed on any part of the Common Elements, Limited Common Elements, or Units of the first or second floor, except advertising used in the normal course of business for businesses on site. No "For Sale" or "For Rent" signs or other displays or advertising shall be allowed on Residential Units, except that the right is specifically reserved to the Developer to place and maintain "For Sale" or "For Rent" signs on the Condominium Property for as long as the Developer may have Units to sell. The right to place and maintain "For Sale" or "For Rent" signs on the Condominium Property is also specifically reserved to the Developer, Developer's successor and/or assigns or any entity affiliated with the Developer.

6. Prohibited Vehicles. Bicycles and motorcycles shall not be stored on the Condominium Property except in such areas designated for this purpose.

7. Exterior Appearance. No Owner shall decorate or alter any part of a Unit so as to affect the appearance of the Unit from the exterior. Such decoration or alteration shall include, but not be limited to, painting or illumination of the exterior of a Unit, display of plants or other objects upon patios, balconies, railings or exterior window sills or ledges, reflective film or other window treatments, draperies, window shades, screen doors and lights. The Association shall have the sole discretion, which may be based on aesthetic principles only, to determine compliance with this provision.

8. Antennas. No antennas or satellite dishes of any type designed to serve a Unit shall be allowed on the Common Elements or Limited Common Elements, except as may be provided by the Association to serve as a master antenna or satellite dish or other equipment may be operated on the Condominium Property which interferes with television signal reception.

9. Noise. Should noise transmission create a disturbance or a nuisance, the responsibility is with the Owner to abate the noise transmission and not the Association. In order to insure the comfort of all Owners and authorized users, radio, hi-fi and television sets, and any and all other such audio equipment generating noise should be turned down to a minimum volume so as not to disturb other persons between the hours of 11:00 p.m. and 8:00 a.m. All other unnecessary noises between these hours should be avoided.

This provision does not apply to Commercial Units.

10. Obstructions. Sidewalks, entrances, driveways, passages, patios, courts, stairways, corridors, halls and/or all other areas intended for common use must be kept open and shall not be obstructed in any manner. Rugs or mats, except those either permitted or placed by the Association, must not be placed outside of doors in corridors. No sign, notice or advertisement shall be inscribed or exposed on or at any window of a Unit or any part of the Condominium Property, except such as shall have been approved in writing by the Association or is permitted by the Condominium Documents; nor shall anything be projected out of any window on the Condominium Property. All person property of Owners shall be stored within the Unit.

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11. Children. Children are not to play in public halls, or stairways, or other common areas which would cause an obstruction. Reasonable supervision by parents or guardians must be exercised at all times when children are playing on the Condominium Property.

12. Hallways. Bicycles, garbage cans, laundry, dry cleaning, supplies or other articles shall not be placed in the halls or on staircase landings without prior authorization from the board of directors or the Management Company. No Owner shall allow doors to the corridor to remain open for any purpose other than for immediate ingress and egress.

13. Entry for Emergencies. In case of emergency originating in or threatening any Unit, regardless of whether or not the Owner is present at the time of such emergency, the board of directors of the Association, the Management Company or any other person authorized by the, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate, and to facilitate entry in the event of any such emergency, the Association or its designee shall be allowed to retain a key for each Unit.

14. Plumbing. Plumbing shall not be used for any other purpose than those for which it was constructed, and no sweepings, rubbish, rags, grease or other foreign substances shall be deposited into plumbing. The cost of any damage resulting from misuse shall be borne by the Owner.

15. Roof. Owners are not permitted on the roof of any building within the Condominium Property for any purpose without the express approval of the board of directors or Management Company.

16. Solicitation. There shall be no solicitation by any person anywhere on the Condominium Property for any cause, charity or purpose whatsoever, unless specifically authorized in writing by the board of directors or the Management Company, except for solicitation by the Developer or an entity affiliated with the Developer in marketing the sale or rental of Units.

17. Parking. No vehicle belonging to any Owner or to a member of the family of an Owner or guest, tenant or employee of any owner shall be parked in any unauthorized area.

18. Storage of Dangerous Items. No inflammable, combustible, or explosive fluid, chemical or substance, shall be kept in any Unit, Common Element or Limited Common Element except as are required for normal household use.

19. Employees /Agents Control and Entry of Units. Employees and/or agents of the Association or Management Company, and employees and/or agents of the Developer's or affiliated entity's on-going sales or rental programs, shall not be sent off the condominium Property by any Owner or authorized user at any time for any purpose. No Owner or authorized user shall direct, supervise or in any manner attempt to assert any control over the employees of the Management Company or the Association. Violations of these Rules and Regulations, or other matters of concern, should be brought to the attention of the Management Company for proper resolution. Employees or agents of the

Management Company shall be permitted, during reasonable hours, to enter units for maintenance and repairs.

20. Complaints. Complaints regarding the service of the Condominium shall be made in writing to the Management Company, as long as the Management Contract remains in effect, and thereafter, to the board of directors.

21. Payment of Maintenance Fees and Special Charges and Fines. Payment of maintenance fees and other duly authorized charges and assessments shall be made at the office of the Management Company, as designated in the Management Contract.

22. Pets. One pet weighing thirty (30) pounds or less, other than service animals, shall be allowed per Residential Unit. Owner(s) of the Unit will be responsible for any damages to the common area caused by any pet.

23. Fines. The Association or its authorized agent shall have the right to assess fines against Unit owners for the violation of the rules and regulations. Such fines shall act as a lien on the property.

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LEE COUNTY

Pro-Forma Budget
Magnolia Plaza Condominium Owners Association, Inc.
145 E. Magnolia Avenue, Auburn, AL 36830

Unit Mix/ Type	No. Units	Size (Sq. Ft.)	Total Sq. Ft.	Unit % of Total
1 BR	12	697	8,364	0.9852%
2 BR	30	1,232	36,960	1.7415%
Commercial Unit AA	1	512	512	0.7237%
Commercial Unit BB	1	5,696	5,696	8.0516%
Commercial Unit CC	1	6,233	6,233	8.8106%
Commercial Unit DD	<u>1</u>	<u>12,979</u>	<u>12,979</u>	18.3464%
	46		70,744	

ESTIMATED EXPENSES

	Annual	Monthly		
<u>Utilities</u>				
Electric - Common Areas	\$20,200.00	\$1,683.33		
Water - Common Areas	\$5,900.00	\$491.67		
<u>Operating</u>				
Trash Removal	\$2,640.00	\$220.00		
Pest Control	\$1,000.00	\$83.33		
Elevator Phones	\$2,400.00	\$200.00		
Elevator Maintenance Contract	\$3,600.00	\$300.00		
Annual Sprinkler Inspection	\$1,400.00	\$116.67		
Building Maintenance & Repair (Including Common Laundry)	\$5,000.00	\$416.67		
Grounds Maintenance/Janitorial	\$16,000.00	\$1,333.33		
Telephone for Sprinkler Alarm/Fire Alarm Service	\$1,900.00	\$158.33		
Parking Spaces (City Parking Deck)	\$19,320.00	\$1,610.00		
<u>Insurance</u>				
Fire & Extended Coverage	\$39,923.00	\$3,326.92		
Director's & Officers	\$1,000.00	\$83.33		
<u>Adminsitration</u>				
Professional Management	\$15,000.00	\$1,250.00		
Accounting & Legal	\$2,500.00	\$208.33		
Office Supplies & Postage	\$320.00	\$26.67		
Miscellaneous	\$1,100.00	\$91.67		
<u>Reserves</u>				
Roof Replacement (1)	\$110,000	20 year	\$5,500.00	\$458.33
Reserve for Elevator Repair./Replacements	\$5,000	10 year	\$500.00	\$41.67
Reserve for Common Area HVAC Repair/Replacements	\$17,100	12 year	<u>\$1,425.00</u>	<u>\$118.75</u>
Subtotal - Annual Budget (Year 1)	\$146,628.00	\$12,219.00		

Unit Allocation Per Month & Annually

By Unit Type	Unit Size Allocation	Rounded Allocation Monthly/Unit	# of Units	Total Monthly	Total Annual
1 BR	0.9852%	\$120.00	12	\$1,440.00	\$17,280.00
2 BR	1.7415%	\$213.00	30	\$6,390.00	\$76,680.00
Commercial Unit AA	0.7237%	\$88.00	1	\$88.00	\$1,056.00
Commercial Unit BB	8.0516%	\$984.00	1	\$984.00	\$11,808.00
Commercial Unit CC	8.8106%	\$1,076.00	1	\$1,076.00	\$12,912.00
Commercial Unit DD	18.3464%	\$2,241.00	1	\$2,241.00	<u>\$26,892.00</u>
					\$146,628.00

The Association reserves the right to sub-meter water and sewer at any time, and in such event, costs for water/sewer will be the responsibility of individual unit owners.

**PURCHASE AND SALES AGREEMENT
MAGNOLIA PLAZA, A CONDOMINIUM**

This Agreement made this ____ day of _____, 20____, between Tigertown Investments, Inc., as Manager of RPM/Magnolia Plaza, LLC, with its principal place of business being 472 North Dean Road, Auburn, Alabama, 36830, referred to as "Seller", and _____ hereinafter referred to as "Purchaser", whose address for notices purposes is: _____.

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE SELLER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS CONTRACT AND THE DOCUMENTS REQUIRED BY SECTIONS 35-8A-403 THROUGH 35-8A-406, ALA CODE (1975), TO BE FURNISHED BY A SELLER TO A PURCHASER.

1. **Property to be Purchased:** In consideration of the covenants and agreements of the respective parties, as set forth below, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase and take from Seller, the Condominium Unit (the "Unit") being situated in Auburn, Lee County, Alabama, and particularly described as follows:

Unit ____ of _____, a Condominium, being located at 145 East Magnolia Avenue, Auburn, Alabama, together with an undivided interest in the Common Elements appurtenant thereto and a proportional interest in the Magnolia Plaza Homeowners Association, Inc. (the "Association") together with all improvements on the Property and appurtenances to it, as more fully described in and subject to the Declaration of Condominium for Magnolia Plaza, A Condominium, to be recorded in the Office of the Judge of Probate for Lee County, Alabama, hereinafter referred to as the "Property".

2. **Purchase Price:** The Purchase Price ("Purchase Price") is: \$ _____

The Price shall be paid as follows:

- (A) Escrow Deposit due with execution of this Agreement ("Escrow Deposit") in the amount of Ten Thousand Dollars and NO/100 (\$10,000.00) \$10,000.00

The Escrow Deposit shall be held in the Real Estate Trust Account of Porter Properties, LLC, and is subject to the terms and conditions of Paragraphs 2, 11, 14, 23, 26 of this Agreement.

- (B) Balance due upon Closing (in loan proceeds or cash) \$ _____

In addition to the total purchase price, Purchaser shall pay, at settlement, such closing costs and other amounts as this Agreement may require.

An estimate of Condominium Association dues will be provided in the Offering Statement.

3. **Incorporation of Condominium Documents:** The Unit involved in this Agreement is a portion of lands, improvements, and Property which have been, or will be prior to the time of closing committed to the Condominium form of ownership. The nature of the rights and undertakings of Purchaser in acquiring and owning such Unit are controlled by and will be subject to a Declaration of Condominium, Articles of Incorporation of the Condominium Association, Bylaws of the Association, and Rule and Regulations of the Association, all as outlined in an Offering Statement. Purchaser acknowledges receiving and approving an Offering Statement (the "Offering Statement") further describing these documents, as well as the documents themselves. These documents are made a part of this Agreement and copies will be furnished to Purchaser at the time of execution of this Agreement. The parties acknowledge that Purchaser may cancel this Agreement within seven days after first receiving the Offering Statement. Seller reserves the right to amend such documents without notice to or consent of Purchaser provided such amendments do not materially affect any of the substantial rights of Purchaser or if such amendments, in the opinion of Seller's legal counsel, shall be required by law.

4. **Right to Possession:** Purchaser shall not be entitled to possession of the Unit, constructive or otherwise, until this transaction shall have closed and title shall have passed to Purchaser.

5. **Assessments Against Purchaser:** The Declaration of Condominium and the Bylaws of the Association require Assessments of Unit Owners by the Condominium Association to produce sufficient funds to pay for insurance, maintenance, operations, and repairs of the Condominium in order to enable it to perform its undertakings. The amount of such Assessments, which include taxes on the Purchaser's Unit, are to be set from time to time, based on an estimate of anticipated costs and expenses, by the Board of Directors of the Condominium Association, of which Association Purchaser shall be a member. At Closing, each Purchaser shall make an initial working capital contribution to the Condominium Association in an amount equal to twice the regular monthly installment of the Condominium Association's annual Assessment on Purchaser's Unit as provided for in the Offering Statement. Said contribution shall not be credited against any of Purchaser's monthly assessments, and does not constitute the payment of condominium association dues or assessments.

6. **Minor Changes:** Seller reserves the right to make minor architectural, structural, or design modifications or changes in the common areas of the condominium building as it deems fit.

7. **Liens and Mortgages:** Execution of this Agreement shall not be construed as giving Purchaser any lien on the Unit. Purchaser expressly waives and relinquishes any lien or lien rights, legal or equitable, that might otherwise accrue to Purchaser by operation of law. Purchaser agrees that all terms and provisions of this Agreement shall be subject and subordinate to Seller's construction loan heretofore or hereafter made by Seller until such time as a release

shall be obtained as to the Unit being purchased and to any advances heretofore or hereafter made to their full extent without the execution of any further legal documents by Purchaser.

8. **Substantial Completion:** No extension of time of Closing given by Seller shall be effective unless in writing. The Closing Date shall be the date of prorations and adjustments, and is sometimes referred to herein as the Adjustment Date.

9. **Proration; Insurance; Taxes; Assessments:** Insurance on the Unit and assessments of the Association shall be adjusted and prorated as of the Adjustment Date. The Association shall carry such insurance on improvements as described in the Declaration of Condominium, including public liability, fire, and extended coverage insurance on common elements. Purchaser should obtain insurance on its Unit and Purchaser's contents as Purchaser may deem necessary. Ad valorem taxes will be prorated based on the tax bill for the lands and improvements comprising the Project multiplied by the Purchaser's percentage undivided interest in the Common Elements and Limited Common Elements. Purchaser acknowledges that the actual ad valorem taxes assessed to the Unit may be different from the proration used on the Adjustment Date. Any payments made by Seller to the Association in anticipation of Assessments which are applicable to Purchaser's Unit and have not yet been expended shall be a credit to Seller.

10. **Title to Property:** It is understood and agreed that Purchaser is purchasing the Unit subject to the terms set forth herein, and that title to the Property which Purchaser will acquire pursuant to this Agreement will be good, marketable, and/or insurable, subject only to the following:

(a) Conditions, restrictions, limitations, and easements of record common to the area in which the Property lies.

(b) Taxes, pending municipal liens, and easements existing and to be created for ingress and egress to the Property and to the adjacent property for future development of possible additional phases of the Project, should they be constructed.

(c) Facts that a survey or personal inspection of the Property will disclose.

(d) Mortgage, if any, in favor of a mortgage lender in connection with the Unit, as contemplated by this Agreement.

(e) Covenants, conditions, restrictions, terms and other provisions of the Declaration of Condominium of MAGNOLIA PLAZA, A CONDOMINIUM, and Articles of Incorporation and Bylaws of the MAGNOLIA PLAZA OWNERS ASSOCIATION, INC., an Alabama Non-Profit Corporation.

(f) Rules and Regulations promulgated by the Association.

(g) Any permitted exceptions to title as shown as Exhibit "F" in the Offering Statement.

11. **Termination:** Seller shall have the unrestricted right to terminate this Agreement at any time prior to the date on which it files among the public records of the County of Lee, State of Alabama, the Declaration of Condominium establishing the Condominium. In the event of such termination, Seller's sole obligation to Purchaser will be the return of the entire Escrow Deposit; on such return, the parties shall be relieved of all obligations one unto the other and this Agreement shall be deemed null and void. Purchaser has the right under Alabama law to cancel this Agreement within seven days after first receiving the Offering Statement.

12. **Closing:** Closing shall take place at the office of Seller's approved attorneys on or before a date which is 15 days from the date that the Purchaser is notified in writing that the unit is ready for occupancy. Notwithstanding the foregoing, Closing shall not take place at a time within seven (7) days after Purchaser receives the Offering Statement of Magnolia Plaza, A Condominium.

13. **Costs:** All closing costs, other than real estate commissions, will be the responsibility of the Purchaser. At the time of Closing, Seller shall credit Purchaser up to \$3,000 (Closing Contribution Amount) to be applied towards closing costs if the transaction is closed by Seller's approved attorneys (Akridge & Balch, P.C. of Auburn, AL). It is understood that only actual closing costs of Purchaser will be paid up to this amount, and that this is not to be considered as a simple credit against purchase price. Closing costs eligible for this credit are expressly limited to:

- Ø attorney's fees of Seller's approved attorney;
- Ø title search and abstract fees;
- Ø recording fees, deed tax, and mortgage tax;
- Ø lender title insurance premiums (Seller reserves the exclusive right to designate the title insurance agency which shall issue the owner and/or lender title insurance);
- Ø loan origination fees;
- Ø flood certification fees;
- Ø appraisal fees;
- Ø termite infestation reports; and
- Ø deed preparation

Unless specifically listed above, all other closing or settlement costs are NOT eligible for the credit, and are the sole responsibility of the Purchaser, including but not limited to: homeowner's insurance premium, owner's title insurance premiums, lender's title insurance premium in excess of \$75.00 if Purchaser declines owner's title insurance, charges for credit report, discount points, initial escrow contributions, condominium dues, the initial contribution to the working capital funds of the Magnolia Plaza Condominium Association, Inc. equal to two months condominium dues, interim interest, broker commissions, real estate taxes, or fees for attorneys, consultants, or other professional representatives not expressly authorized in advance by Seller, or any other

prepaid items. Accordingly, Purchaser may not be entitled to receive the full closing cost credit from Seller, depending upon the type of costs incurred by Purchaser and the amounts thereof.

At the time of Closing, Purchaser shall contribute to the Association an amount equal to two (2) times the Purchaser's estimated monthly condominium assessment as determined at the time of Closing. This sum shall be used for initial expenses and is not in lieu of the applicable monthly fees. Any balance remaining after payment of expenses shall be deposited to the general Association fund.

14. **Default/Legal Remedies:** If Seller defaults by wrongfully refusing to sell, (except as stated in Paragraph 11 of this Agreement), or by otherwise breaching this Agreement, and the Property does not close, Purchaser may either pursue all remedies available to Purchaser at law or in equity including but not limited to Specific Performance or in the event of a breach, Purchaser may waive such breach and elect to purchase said Property; notwithstanding the foregoing, any claim by Purchaser to damages shall be limited to actual damages and not incidental damages and such damages shall be limited to the amount of the Escrow Deposit paid by Purchaser pursuant to this Agreement. If Purchaser defaults by wrongfully refusing to purchase, or by breaching this Agreement, and the Property does not close, Seller may pursue any and all remedies available to Seller at law or in equity including but not limited to Specific Performance or a claim for damages.

15. **Notice:** When required to be given under this Agreement, notice shall be in writing; when furnished by mail, notice shall be effective and the time period shall commence from the time of deposit in the United States Mail, properly addressed to the proper address as follows:

SELLER:

RPM/Magnolia Plaza, LLC
By: Tigertown Investments, Inc., Manager
472 North Dean Road, Suite 200
Auburn, Alabama 36830

PURCHASER:

16. **Modification or Amendment:** This Agreement may be modified or amended only in writing signed by both the Purchaser and Seller.

17. **Governing Laws:** The laws of the State of Alabama shall govern the validity of this Agreement, the construction and enforcement of its terms, the interpretation of the rights and duties of the parties, and all other matters relating to this Agreement. The sole and exclusive venue and jurisdiction for resolution of any disputes arising out of this Agreement shall be the State Courts sitting in Lee County, Alabama, and the parties irrevocably consent to the personal and subject matter jurisdiction of said Courts.

18. **Binding Effect:** This Agreement shall bind the parties and their successors and assigns. Time is of the essence as to each provision of this Purchase Agreement.

19. **Rules of Construction:** In this Agreement, all singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter.

All references herein to particular articles, sections, subsections or clauses are references to articles, sections, subsections or clauses of this Agreement.

The headings contained herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

Each party hereto and its counsel have had the opportunity to review and revise (or request revisions of this Agreement), and therefore any usual rules of construction requiring that ambiguities are to be resolved against a particular party shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto and amendments hereof.

The terms and conditions of this Agreement shall survive the Closing of the Property.

20. **Real Estate Consumer's Agency and Disclosure Act (RECAD)/Agency Disclosure:**

Print Name of Listing Company: Porter Properties, LLC

The listing company is: (two blocks may be checked)

- An agent of the Seller/s.
- An agent of the Purchaser/s.
- An agent of both the Seller/s and Purchaser/s and is acting as a limited consensual dual agent.
- Assisting the _____ Seller/s Purchaser/s as a transaction broker.

Print name of Selling Company _____

The selling company is : (two blocks may be checked)

- An agent of the Seller/s.
- An agent of the Purchaser/s.
- An agent of both the Seller/s and Purchaser/s and is acting as a limited consensual dual agent.
- Assisting the Purchaser/s as a transaction broker.

Purchaser acknowledges disclosure that that the partners of RPM/Magnolia Plaza, LLC are Realtors® and that there is an identity of interest in the Seller and Seller's Agent, as the Broker and partners of Porter Properties, LLC are also members of RPM/Magnolia Plaza, LLC.

Purchaser/s Initials: _____ Seller/s Initials: _____

Upon closing Seller will pay a sales commission of _____ (____%) to the Listing Company (Porter Properties, LLC); and a sales commission of _____ Percent (____%) of the Purchase Price to the Selling Company, which must be a bona fide Alabama licensed real

estate broker who provides documentation of licensure, and who has represented or assisted the Buyer in connection with the transaction contemplated by this Agreement.

21. **Disclaimers by Real Estate Licensees:** Seller and Purchaser acknowledge that they have not relied upon any advice or representations of any real estate licensees involved in this sale relative, but not limited to: (i) the legal or tax consequences of the contract and the sale, purchase, or ownership of the Property; (ii) the structural condition of the Property including the condition of the roof and foundation; (iii) construction materials; (iv) the nature and operating condition of the electrical, gas, heating, air conditioning, plumbing and water heating systems, and appliances; (v) the age and square footage of the improvement and the size or area of the Property; (viii) the investment or resale value of the Property; (ix) flood zone; (x) school zone; (xi) the proper construction of the Property by the builder or developer, or the compliance of the builder or developer under an builder/developer warranty, or the future financial stability of the builder or developer; (xii) any other matter affecting the willingness to sell or purchase the Property on the terms and price herein set forth. Seller and Purchaser acknowledge that if such matters are of concern to them in the decision to sell or purchase the Property, they have sought and obtained independent advice relative thereto.

22. **Disclaimers by Seller:** Seller makes no representations or warranties regarding the condition of the Property except to the extent expressly and specifically set forth herein. Said Property will be renovated prior to closing with Purchaser having a right of inspection as specified in Paragraph 26, below. The property will be sold AS IS, upon completion of the renovation without warranties express or implied, except for such warranties of title as may be provided for under the Deed or warranties allowed to purchasers of condominiums under Alabama law. Purchaser has the obligation to determine whether personally or through or with a representative of Purchaser's choosing, any and all conditions of the Property material to Purchaser's decision to buy the Property, including without limitation, the condition of the heating, cooling, plumbing, electrical and gas systems and any built-in appliances, the roof, including leaks therein, the age, size square footage or area of the Property; construction materials including floors; structural condition, flood zone, utility and sewer or septic tank availability and condition and any matters affecting the character of the neighborhood. Purchaser acknowledges and agrees that the transaction contemplated by this Agreement constitutes the sale of used residential property.

23. **Conveyance and Deed:** Seller shall furnish Purchaser at Closing a title commitment accepted by local practice, disclosing a good and merchantable fee simple title, subject to taxes for the current year, easements, covenants, restrictions and matters of record which under local practice do not interfere with Purchaser's use of the Property, except as otherwise stated in this Agreement. If the title commitment fails to show a good and merchantable fee simple title, and Purchaser objects to such title conditions, Seller shall have a reasonable time (not to exceed thirty (30) days) after receipt of written notice of defects from the Purchaser to cure such defect and make said title merchantable. If Seller is unable to provide a good and merchantable fee simple title within thirty (30) days, the Escrow Deposit shall be refunded to Purchaser and this Agreement shall be of no further force and effect; or Purchaser may waive such defect and elect to purchase said Property. Failure to object to any title

conditions by Closing shall be deemed acceptance of the condition of title as shown in the title commitment. At closing, Seller shall convey title by Warranty Deed.

24. **Controversies, Claims, Complaints, or Disputes/Binding Arbitration Agreement:** The parties agree that the Property to be sold has been involved in, and necessarily involves, interstate commerce, and that any controversy, claim, complaint, or dispute arising between the parties, or between the parties and the real estate licensees, or arising out of this Agreement, is to be settled exclusively by binding arbitration. All parties specifically waive any rights they have to commence an action other than arbitration against each other or against real estate licensees. Any controversies, claims, complaints or disputes arising or evolving out of or relating to this Agreement or breach thereof, shall be settled under the Arbitration Rules for the Real Estate Industry then in force of the American Arbitration Association utilizing any Supplementary Procedures for Consumer Related Disputes, if applicable, and all parties agree to be bound by the decision of this Arbitration. The decision of the Arbitrator shall be a final and binding resolution, which may be entered as a judgment by a court of competent jurisdiction; and may then be enforced by use or legal remedies.

25. **Oral Statements Not Binding:** NO ORAL STATEMENT, REPRESENTATION, PROMISE OR INDUCEMENT SHALL HAVE ANY VALIDITY NOR SHALL BE A PART OF THIS AGREEMENT. All covenants, promises and understandings written herein shall survive the closing. All rights, privileges, obligations and duties hereby granted or assumed shall inure to the benefit of and shall be binding upon successors, assigns, heirs, administrators and executors of the parties hereto.

26. **Right of Inspection:** Purchaser has the right and obligation to make any professional inspection/s by licensed or certified inspector/s or contractor/s, at Purchaser's expense upon notification from Seller that the renovations have been completed. Failure of Purchaser to provide a copy of any professional inspection report/s within 14 days from the date of such notification, on which the Purchaser has identified the necessary item/s to be repaired or replaced, constitutes a waiver of same and Purchaser relinquishes any right to rely thereon and releases Seller and real estate licensees from all liability arising out of such matters as may be shown on such inspection report. Seller reserves the right to correct said defective condition/s, or to decline to do such repairs. In the event Seller should decline to make such repairs, Purchaser may terminate this Agreement provided Purchaser notifies Seller of such termination within 7 days from the date that Seller notifies Purchaser that it declines to make such repairs or Purchaser may close with such defective condition left as is. If Purchaser terminates this Agreement pursuant to this Paragraph, Purchaser shall be entitled to a return of its Escrow Deposit, which shall constitute Purchaser's sole and exclusive remedy against Seller for failure to make such repairs.

27. **Additional Provisions:**

(a) Purchaser acknowledges that the Unit may be subject to a prior written lease, the assignment of which Purchaser agrees to accept. Purchaser also acknowledges that must be provided with at least sixty (60) days notice to vacate without regard to the termination date of

any prior written lease, and may not be required to vacate prior to expiration of any prior written lease.

(b) _____

28. **Selection of Attorney:** The parties hereto acknowledge and agree that they may be required to execute an affidavit at closing acknowledging their recognition and acceptance of the fact that the closing attorney may not represent their interests. Each of the parties further acknowledges that they have the right to be represented at all times in connection with this Contract and the Closing by an attorney of their own choosing, at their own expense.

29. **Entire Agreement:** This Agreement will supersede any and all understandings and agreements between the parties, and it is mutually understood and agreed that this Agreement represents the entire understanding between the parties, and no prior representations or inducements which are not included and embodied in this Agreement shall be of any force and effect.

30. **Recordation:** This Agreement may not be recorded or assigned without the written consent of Seller, it being specifically agreed and understood that Purchaser's interest in this Agreement and the Unit shall be considered as personal property until Purchaser shall have closed this transaction and received a deed

31. **THIS IS A LEGALLY BINDING CONTRACT. IF NOT UNDERSTOOD, SEEK COMPETENT LEGAL ADVICE.**

32. **THIS AGREEMENT IS VOIDABLE BY PURCHASER BY DELIVERING WRITTEN NOTICE OF THE PURCHASER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER RECEIPT BY PURCHASER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE SELLER UNDER SECTION 35-8A-403 THROUGH 35-8A-406, ALA. CODE (1975). THIS AGREEMENT IS ALSO VOIDABLE BY PURCHASER BY DELIVERING WRITTEN NOTICE OF THE PURCHASER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF RECEIPT FROM THE SELLER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE PURCHASER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. PURCHASER OR SELLER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 7 (SEVEN) DAYS AFTER THE PURCHASER HAS RECEIVED ALL OF THE ITEMS REQUIRED.**

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

[EXECUTIONS BEGIN ON NEXT FOLLOWING PAGE]

SELLER: RPM/MAGNOLIA PLAZA, LLC, an Alabama limited liability company
By: Tigertown Investments, Inc., as its Manager

By: _____
Its: _____

PURCHASER(S): [print names] _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Unit No. _____
Purchaser(s): _____

RECEIPT FOR CONDOMINIUM DOCUMENTS

The undersigned acknowledges that the documents checked below have been received or, as to plans and specifications, made available for inspection.

Name of Condominium: Magnolia Plaza Condominium
Address of Condominium: 145 E. Magnolia Avenue, Auburn, AL 36830

Place a check in the column by each document received or, for the plans and specifications, made available for inspection. If an item does not apply, place "N/A" in the column.

<u>DOCUMENT</u>	<u>RECEIVED</u>
Offering Statement Text	_____
Declaration of Condominium	_____
Articles of Incorporation	_____
Bylaws	_____
Estimated Operating Budget and Estimated Monthly Assessment	_____
Form of Agreement for Sale or Lease	_____
Rules and Regulations	_____
Covenants and Restrictions	N/A
Ground Lease	N/A
Management and Maintenance Contracts for More than One Year	N/A
Renewable Management Contracts (in Offering Statement	N/A
Sales Brochure	N/A
Plat Plan (in Declaration)	_____
Floor Plan (in Declaration)	_____

Asciminia Dies: 1 hoodman 2nd 3rd 4th 5th 6th 7th 8th 9th 10th 11th 12th
Included

Survey of Land and Graphic Description of Improvements

(In Declaration)

Plans and Specifications Made Available

THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 35-8A-403 through 35-8A-406, Ala. Code (1975). THIS AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 7 (SEVEN) DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 7 (SEVEN) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

Executed this ____ day of _____, 2005.

Purchaser _____ Purchaser _____

Purchaser _____ Purchaser _____