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**BY-LAWS**  
**OF**  
**SUNSET BAY AT BON SECOUR ISLAND VILLAS**  
**CONDOMINIUM OWNERS' ASSOCIATION, INC.**



**Article I**  
**General**

**Section 1.01. Name.** The name of the **Association** shall be **Sunset Bay at Bon Secour Island Villas Condominium Owners' Association, Inc.** (the "**Association**").

**Section 1.02. Terms Defined.** "**Declaration**" shall mean that certain **Declaration of Condominium of Sunset Bay at Bon Secour Island Villas, a Condominium**, filed in the **Office of the Judge of Probate of Baldwin County, Alabama** as the same may be amended from time to time in accordance with the terms of the **Declaration ("Sunset Bay at Bon Secour Island Villas, a Condominium")**. All other terms used in these **By-Laws** shall have the meaning given to them in the **Declaration** and are incorporated by reference and made a part of these **By-Laws**.

**Section 1.03. Purpose.** These are the **By-Laws** of the **Association** which is a **Nonprofit Alabama Corporation** organized pursuant to the "**Alabama Uniform Condominium Act of 1991**", **Ala. Code 1975, §35-8A-101, et seq.** and the "**Alabama Nonprofit Corporation Act**" **Ala. Code 1975, §10-3A-1 et seq.**, for the purpose of administering **Sunset Bay at Bon Secour Island Villas, a Condominium**, which is located in **Baldwin County, Alabama** in accordance with the provisions of the **Declaration**. The **Association** shall not issue any shares of stock.

**Section 1.04. Applicability of By-Laws.** The provisions of these **By-Laws** are applicable to **Sunset Bay at Bon Secour Island Villas, a Condominium** and to the use and occupancy of **Sunset Bay at Bon Secour Island Villas, a Condominium**. All present and future **Owners**, holders of a **Security Interest, Eligible Security Interest Holders**, lessees and **Occupants of Units** and their employees, guests, or invitees, and any other **Persons** who may use **Sunset Bay at Bon Secour Island Villas, a Condominium** are subject to these **By-Laws**, the **Declaration** and the **Rules and Regulations**. The acceptance of a **Deed** or conveyance or the entering into of a lease or the act of occupancy of a **Unit** shall constitute an agreement that these **By-Laws**, the **Rules and Regulations** and the provisions of the **Declaration**, as they may be amended from time to time, will be complied with and are accepted and ratified.

**Section 1.05. Principal Office.** The principal office of the **Association** shall be located in **Baldwin County, Alabama**, or at such other place as may be designated by the **Board of Directors** or as the business of the **Association** may require. All books and records of the **Association** shall be kept at the principal office of the **Association**.

**Section 1.06. Powers Reserved to the Declarant.** The operation and administration of **Sunset Bay at Bon Secour Island Villas, a Condominium** shall be subject to the powers and authority reserved in the **Declaration** to the **Declarant**, or the successors and assigns of the **Declarant**.

**Article II**  
**Membership**

**Section 2.01. Qualification.** The qualification for membership in the **Association** shall be ownership of a **Unit** in **Sunset Bay at Bon Secour Island Villas, a Condominium**. No membership may be separated from the **Unit** to which said membership is appurtenant. The qualification for membership is more fully set out in the **Declaration**, the terms of which pertaining to membership are specifically incorporated in these **By-Laws** by reference.

**Section 2.02. No Additional Qualifications.** No initiation fees, costs or dues shall be assessed against any **Person** as a condition of the exercise of the rights of membership except such **Assessments**, levies, fees and charges as are specifically authorized by the **Declaration**.

**Section 2.03. Succession.** The membership of each **Owner** shall automatically terminate on the conveyance, transfer or other disposition of an interest of an **Owner** in the **Unit**. The membership of the **Owner** shall automatically be transferred to the new **Owner** succeeding to such ownership interest.

### **Article III** **Meetings of Members**

**Section 3.01. Annual Meeting.** A meeting of the **Members** of the **Association** must be held at least once each year. The annual meeting of **Members** shall be held at the office of the **Association**, or at such other suitable place convenient to the **Members** as may be designated by the **Board of Directors** either in **Sunset Bay at Bon Secour Island Villas, a Condominium** or as convenient to **Sunset Bay at Bon Secour Island Villas, a Condominium** as possible and practicable, at **7:30 p.m.**, local time, on the third **Tuesday** of **August** of each year for the purpose of electing **Directors** and transacting any other business authorized to be transacted by the **Members**. **Provided, However**, if the day of said meeting is a legal holiday, the meeting shall be held at the same hour on the next day following that is not a legal holiday.

**Section 3.02. Change of Annual Meeting.** The date and time of holding the annual meeting of **Members** may be changed after giving the notice set out in **Section 3.04** of these **By-Laws** by a resolution duly adopted by the **Board of Directors** or by the **Members**, provided that notice of such change be given to each **Member** of record as provided for in **Section 3.04** of these **By-Laws**; and further provided that each annual meeting of **Members** shall be held within one month of the date on which said meeting should regularly have been held but for such change.

**Section 3.03. Special Meetings.** The **President** of the **Board of Directors** may call special meetings of **Members**. In addition, special meetings of the **Members** may be called at any time by a **Majority** of the **Board of Directors**, and must be called by the officers of the **Association** upon receipt of a written request from **Members** entitled to cast twenty percent of the total votes in the **Association**. The notice of any special meeting of the **Members** shall be given to each **Member** of record as provided for in **Section 3.04** of these **By-Laws**. The business conducted at a special meeting of the **Members** shall be limited to that stated in the notice of the meeting.

**Section 3.04. Notice of Meetings.** Not less than ten days nor more than sixty days in advance of any meeting, the **Secretary** or other officer specified by the **Board of Directors** shall cause notice of said meeting to be hand-delivered or sent prepaid by **United States** mail to the mailing address of each **Unit** or to any other mailing address designated in writing by the **Owner**. The notice of any meeting of **Members** must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the **Declaration** or **By-Laws**, any budget changes, and any proposed order to remove an officer or **Director**. Proof of such notice shall be given by the affidavit of the person giving the notice.

**Section 3.05. Waiver of Notice.** Any **Member** or **Eligible Security Interest Holder** may waive the right to receive notice of any meeting by sending a written waiver to the **Board of Directors**. Notice of any meeting may be waived before or after the meeting, orally or in writing. Attendance by a **Member** at any meeting, either in person or by proxy, shall constitute waiver of notice of such meeting.

**Section 3.06. Quorum.** A quorum of **Members** for any meeting shall be deemed present throughout such meeting if **Members**, represented in person or by proxy, holding a **Majority** of the total votes entitled to be cast at such meeting are present throughout such meeting, except as otherwise provided by the

**Articles of Incorporation**, by the **Declaration** or by these **By-Laws**. Any provision in the **Declaration** concerning quorums is specifically incorporated in these **By-Laws**.

**Section 3.07. Adjournment for Lack of Quorum.** In the absence of a quorum at any meeting of **Members**, a **Majority** of those **Members** entitled to vote at said meeting, present in person or by proxy, shall have the power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until the requisite number of **Members**, present in person or by proxy, shall be present. At such adjourned meeting at which the requisite number of votes shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

**Section 3.08. Action Without Meeting.** Any action which may be taken at a meeting of the **Members** may also be taken without a meeting, if a consent in writing setting out the action so taken, is signed by the number of **Members** required to take such action at a meeting, and is filed with the **Secretary** of the **Association**.

**Section 3.09. Minutes of Meetings.** The minutes of all meetings of **Members** shall be kept in a book available for inspection by **Owners** or their authorized representatives at any reasonable time during regular business hours.

**Section 3.10. Open Meetings.** All meetings of the **Members** shall be open to all **Members** of the **Association**.

**Section 3.11. Proviso.** **Provided, However**, so long as the **Declarant** retains control of the **Association** as provided for in the **Declaration**, no meetings of **Members** shall be called unless called by the **Declarant**.

#### **Article IV** **Voting Rights**

**Section 4.01. Votes.** The voting rights of **Members** attached to each **Unit** shall be in accordance with that stated in the **Declaration**. The vote of a **Unit** shall not be divisible.

**Section 4.02. Votes Required to Transact Business.** When a quorum is present at any meeting, the holders of a **Majority** of the voting rights present in **Person** or represented by written proxy shall decide any questions brought before the meeting, unless the question is one upon which, by express provision of the **Declaration**, or these **By-Laws**, a different number or manner of voting is required, in which case the express provision of the **Declaration**, or these **By-Laws** shall govern and control the decision in question.

**Section 4.03. Voting by Proxy.** Votes may be cast in person or by proxy. All proxies must be in writing, dated, signed by the **Member** generating the proxy, and filed with the **Secretary** of the **Association** before the appointed time of the meeting to which said proxy applies. A **Member** may revoke a proxy at any time by delivering a written notice of revocation to the **Association**. Every proxy shall automatically cease upon the **Deed** or conveyance by the **Member** of the **Unit** of said **Member** or upon receipt of notice by the **Secretary** of the **Board of Directors** of the death or judicially declared incompetency of a **Member** or upon the expiration of eleven months from the date of the proxy.

**Section 4.04. Voting by Eligible Security Interest Holders.** The terms and conditions of the **Declaration** pertaining to the rights of the **Eligible Security Interest Holders** are incorporated in these **By-Laws** as if fully set out.

**Section 4.05. Order of Business.** The order of business at annual meetings of **Members** and, as far as practical, at all other meetings of **Members**, shall be:

Call to order  
Calling of the roll and certifying of proxies  
Proof of notice of meeting or waiver of notice  
Reading and disposal of any unapproved minutes  
Reports of officers  
Reports of committees  
Election of the **Board of Directors**  
Unfinished business  
New business  
Adjournment

**Section 4.06. Proviso. Provided, However,** so long as the **Declarant** retains control of the **Association** as provided for in the **Declaration**, the **Owners** shall not have any right to vote.

#### **Article V** **Board of Directors**

**Section 5.01. Governing Body and Number.** The affairs of the **Association** shall be governed by a **Board of Directors**. The initial number of **Directors** in the **Association** shall be **three (3)**. The **Members** of the **Association** shall have the right to amend the number of the **Directors** at any regular or special meeting called for that purpose. Except as provided in these **By-Laws**, the **Directors** shall be **Members**.

**Section 5.02. Qualification.** Except for the **Directors** appointed by the **Declarant** as provided for in the **Declaration**, each **Director** shall be an **Owner**. If an **Owner** is a trust, then the beneficiary of the trust may be a **Director**; and if an **Owner** is a corporation, partnership or limited liability company, then an officer, partner, member, or employee of such **Owner** may be a **Director**. If a **Director** shall cease to meet such qualifications during the term of said **Director**, said **Director** shall cease to be a **Director** and the place of said **Director** on the **Board of Directors** shall be vacant.

**Section 5.03. Appointment by the Declarant.** So long as the **Declarant** retains control as provided for in the **Declaration**, the **Directors** shall be appointed by the **Declarant**, and may be removed by the **Declarant** at any time in accordance with the **Declaration**. The **Directors** appointed by the **Declarant** shall serve at the pleasure of the **Declarant**. The **Board of Directors** appointed by the **Declarant** need not be **Owners** or **Occupants**.

**Section 5.04. Nomination for Election.** Except with respect to the **Directors** appointed by the **Declarant** as provided for in the **Declaration**, nomination for election to the **Board of Directors** shall be made from the floor at the annual meeting of **Members** or at any other meeting of **Members** called for the purpose of electing the **Directors**. Nominations shall also be made by a nominating committee appointed by the **Board of Directors** prior to the annual meeting of the **Members** or prior to any other meeting of **Members** called for the purpose of electing the **Directors**.

**Section 5.05. Election of the Board of Directors.** Except for the **Board of Directors** appointed by the **Declarant** as provided for in the **Declaration**, the **Board of Directors** shall be elected at the annual meeting of **Members** or at a special meeting called for that purpose. Within thirty days after the **Owners** are entitled to elect one or more **Directors**, a special meeting of the **Members** shall be called in accordance with the notice provisions contained in **Section 3.04**, of these **By-Laws** for the purpose of electing said **Director**. The election shall be conducted in the manner specified in these **By-Laws**.

The election of **Directors** shall be by secret ballot (unless dispensed with by unanimous consent). There shall be no cumulative voting. Those candidates receiving the greatest number of votes cast either in

person or by proxy shall be elected. At the initial election of the **Directors** after the release of control by the **Declarant** as provided for in the **Declaration**, the candidate receiving the most votes shall serve a two year term, and the next two candidates receiving the most votes shall serve one year terms. At subsequent elections, the two vacancies shall be filled as follows: two **Directors** shall be elected, with the candidate receiving the most votes to serve a two year term, and the remaining candidate to serve a one year term.

**Section 5.06. Term.** Each **Director** appointed by the **Declarant** shall hold office until said **Director** resigns, is removed by the **Declarant**, or the term of said **Director** expires as provided for in these **By-Laws** and in the **Declaration**. Each **Director** elected by the **Members** shall hold office until their respective successors have been elected and qualified, or until said **Director** resigns or is removed in any manner provided in these **By-Laws**.

**Section 5.07. Vacancies.** So long as the **Declarant** retains control as provided for in the **Declaration**, any vacancy in the position of a **Director** appointed by the **Declarant** shall be filled by the **Declarant**. Any vacancy in the position of a **Director** elected by the **Members** shall be filled by a **Majority** vote of the remaining **Board of Directors**, and any **Director** so elected shall hold office for a term equal to the unexpired term of the **Director** whom said **Director** succeeds.

**Section 5.08. Removal.** After release of control by the **Declarant** as provided for in the **Declaration** any **Director** may be removed for cause by the concurrence of two-thirds of the votes of the **Association** at a meeting of **Members** called for that purpose. The vacancy in the **Board of Directors** so created shall be filled by the **Members** at the same meeting.

**Section 5.09. Compensation.** A **Director** shall not receive any compensation for any services said **Director** may render to the **Association** as a **Director**. **Provided, However**, that any **Director** may be reimbursed for actual out-of-pocket expenses incurred by said **Director** in the performance of the duties of said **Director**.

**Section 5.10. Proviso. Provided, However**, so long as the **Declarant** retains control of the **Association** as provided for in the **Declaration**, the **Directors** shall be appointed by the **Declarant** and there shall be no vote of the **Members** to elect the **Directors**.

## **Article VI** **Meetings of the Board of Directors**

**Section 6.01. Meetings.** 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 **Board of Directors**, but at least one such meeting shall be held during each fiscal year. Notice of meetings shall be given to each **Director** not less than three days in advance of the day named for such meeting by hand-delivery or sent by **United States** mail to the mailing address of each **Director**, or by telephone or electronic transmission.

**Section 6.02. Special Meetings.** Special meetings of the **Board of Directors** shall be held when called by the **President, Vice President** or **Secretary** and must be called by the **Secretary** at the written request of one-third of the votes of the **Board of Directors**. Not less than three days notice of the meeting shall be given by hand-delivery or sent by **United States** mail to the mailing address of each **Director**, or by telephone or electronic transmission. The notice of any meeting of the **Board of Directors** must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to these **By-Laws**, any budget changes, and any proposed order to remove an officer or **Director**. Proof of such notice shall be given by the affidavit of the person giving the notice.

**Section 6.03. Open Meetings.** All meetings of the **Board of Directors** shall be open to all **Members**, and notice of such meetings shall be posted conspicuously in **Sunset Bay at Bon Secour Island**

Villas, a Condominium at least forty-eight hours prior to the meeting, except in the event of an emergency. **Provided, However,** anything else contained in this **Section 6.03**, to the contrary notwithstanding, the meetings of the **Board of Directors** with its attorney to discuss confidential matters pertaining to any pending litigation or threat of pending litigation shall not be open to all members and no notice of such meeting shall be posted.

**Section 6.04. Waiver of Notice.** Any **Director** may waive notice of a meeting either before or after the meeting, or may consent to the holding of a meeting without notice. Attendance by any **Director** at a meeting shall constitute waiver of notice of the meeting, except when attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of business on the grounds that the meeting was not lawfully called.

**Section 6.05. Quorum.** A quorum shall consist of the number of **Directors** entitled to cast a **Majority** of the votes of the entire **Board of Directors**. The acts of the **Board of Directors** approved by a **Majority** of the votes present at a meeting at which a quorum is present shall constitute the acts of the **Board of Directors**. The joinder of a **Director** in the action of a meeting by signing and concurring in the minutes of said meeting shall constitute the presence of such a **Director** for the purpose of determining a quorum.

**Section 6.06. Action Without Meeting.** Any action permitted or required to be taken at a meeting of the **Board of Directors** may be taken without a meeting if written consent setting forth the action so taken shall be signed by all the **Board of Directors**, and filed with the minutes of the proceedings of the **Board of Directors**.

**Section 6.07. Minutes of Meetings.** The minutes of all meetings of the **Board of Directors** shall be kept in a book available for inspection by **Owners**, or their authorized representatives, or any **Directors** at any reasonable time during regular business hours.

**Section 6.08. Presiding Officer.** The presiding officer of meetings of the **Board of Directors** shall be the **President**. In the absence of the **President**, the **Directors** present shall designate one of their number to preside.

**Section 6.09. Executive Session.** The **Board of Directors** may adjourn a meeting and reconvene in executive session to discuss and vote upon personal matters, litigation in which the **Association** is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session of the **Board of Directors**.

**Section 6.10. Proviso. Provided, However,** so long as the **Declarant** retains control of the **Association** as provided for in the **Declaration**, there shall be no meetings of the **Board of Directors** unless called by the **Declarant**.

## **Article VII** **Powers and Duties of the Board of Directors**

**Section 7.01. Powers Defined.** The **Board of Directors** shall have the power to exercise all powers, duties and authority vested in the **Association** by the **Declaration**, the **Articles of Incorporation** or these **By-Laws**, except for such powers and duties reserved to the **Members** or the **Declarant**.

**Section 7.02. Committees.** The **Board of Directors** may, by resolution, appoint such committees as deemed appropriate in carrying out the purpose of the **Board of Directors**, and such committees shall have the powers of the **Board of Directors** for the management of the affairs and business of the **Association** to the extent provided in the resolution designating such a committee. Any committee shall keep regular minutes of the proceedings of the committee and shall report the same to the **Board of Directors**.

**Section 7.03. Managing Agent.** The **Board of Directors** shall be authorized to employ the services of a manager or managing agent, who may either be a **Director**, officer, or employee of the **Association**, or an independent **Person** or firm qualified to manage the affairs of the **Association** under the supervision of the **Board of Directors**. The compensation paid to any such manager or managing agent shall be in the amount established from time to time by the **Board of Directors**.

**Section 7.04. Order of Business.** The order of business at the meetings of the **Board of Directors** shall be:

- Call of roll
- Proof of due notice of meeting
- Reading and disposal of unapproved minutes
- Reports of officers and committees
- Election of officers
- Unfinished business
- New business
- Adjournment

**Section 7.05. Borrowing.** The **Board of Directors** shall have the power to borrow money pursuant to the terms and conditions of the **Declaration**.

**Section 7.06. Veto by the Declarant.** So long as the **Declarant** retains control of the **Association** as provided for in the **Declaration**, the **Declarant** shall have the veto power over all actions of the **Board of Directors**.

#### **Article VIII** **Officers**

**Section 8.01. Executive Officers.** The executive officers of the **Association** shall be a **President**, who shall be a **Director**; a **Vice President**, who shall be a **Director**; and a **Secretary-Treasurer**, who shall be a **Director**; all of whom shall be elected annually by the **Board of Directors** and who may be removed by vote of the **Board of Directors** at any meeting. Any **Person** may hold two or more offices, except that the **President** shall not also be the **Secretary**. The **Board of Directors** shall from time to time elect such other officers and designate their powers and duties as the **Board of Directors** shall find to be required to manage the affairs of the **Association**.

**Section 8.02. Term.** Each officer shall hold office for a term of one year and until the successor of said officer shall have been appointed or elected and qualified, provided that any officer may serve unlimited multiple terms of office.

**Section 8.03. Resignation and Removal.** Any officer may be removed from office either with or without cause by the vote of a **Majority** of the **Board of Directors** present at any meeting. Any officer may resign at any time by giving written notice to the **Board of Directors**. Such resignation shall take effect on the date of receipt of said resignation or at any later time specified in said written notice, and, unless otherwise specified in said written notice, the acceptance of such resignation shall not be necessary to make said resignation effective.

**Section 8.04. Vacancies.** A vacancy in any office shall be filled by a **Majority** vote of the **Board of Directors** at any meeting. An officer elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer that said officer succeeds.

**Section 8.05. Compensation.** An officer shall not receive any compensation for any service said officer may render to the **Association** as an officer. **Provided, However**, that any officer may be reimbursed

for actual out-of-pocket expenses incurred by said officer in the performance of the duties of said officer.

**Section 8.06. President.** The **President** is the chief executive officer of the **Association**, and shall have all the powers and duties that are usually vested in the office of **President** of a condominium owners' association including, but not limited to, the following powers:

- A. To preside over all meetings of the **Members** and of the **Board of Directors**.
- B. To sign as **President** all **Deeds**, contracts and other instruments that have been duly approved by the **Board of Directors**.
- C. To call meetings of the **Board of Directors** whenever the **President** deems necessary.
- D. To have the general supervision, direction and control of the affairs of the **Association**.

**Section 8.07. Vice President.** The **Vice President** shall have all the powers and duties that are usually vested in the office of the **Vice President** of a condominium owners' association. The **Vice President** shall, in the absence of or disability of the **President**, exercise the powers and perform the duties of the **President**. The **Vice President** shall also generally assist the **President** and exercise such other powers and perform such other duties as shall be prescribed by the **Board of Directors**.

**Section 8.08. Secretary.** The **Secretary** shall have all the powers and duties that are usually vested in the **Secretary** of a condominium owners' association. The **Secretary** shall keep the minutes of all proceedings of the **Board of Directors** and the **Members**. The **Secretary** shall attend to the giving and serving of all notices to the **Members** and the **Board of Directors** and other notices required by law. The **Secretary** shall have custody of the seal of the **Association** and affix the same to instruments requiring a seal when duly signed. The **Secretary** shall sign as **Secretary** all **Deeds**, contracts, and all other instruments which have been duly approved by the **Board of Directors**, if said instrument requires the signature or attestation of the **Secretary**. The **Secretary** shall keep the records of the **Association**, except those of the **Treasurer**, and shall perform all other duties incident to the office of the **Secretary** of an **Association** as may be required by the **Board of Directors** or the **President**.

**Section 8.09. Treasurer.** The **Treasurer** shall be the financial officer of the **Association**, and shall have all the powers and duties that are usually vested in the **Treasurer** of a condominium owners' association. The **Treasurer** shall have custody of all property of the **Association**, including funds, securities and evidences of indebtedness. The **Treasurer** shall keep the financial records and books of account of the **Association** in accordance with good accounting practices. The **Treasurer** shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the **Common Elements** and common facilities, specifying and itemizing the maintenance and repair expenses of the **Common Elements** and common facilities and any other expenses incurred; and the **Treasurer** shall perform all other duties incident to the office of the **Treasurer**. The records, books of account and the vouchers authorizing payments, shall be available for examination by a **Member** at reasonable times during regular business hours.

## **Article IX** **Fiscal Management**

**Section 9.01. The Fiscal Year.** The fiscal year of the **Association** shall be such as shall from time to time be established by the **Board of Directors**.

**Section 9.02. Budget.** The **Board of Directors** shall adopt a budget for each calendar year which budget will satisfy the requirements of the **Declaration**. Copies of the budget and proposed **Assessments** shall be transmitted to each **Member**.



**Section 9.03. Assessments.** Assessments for Common Expenses shall be established as provided for in the Declaration and these By-Laws. Assessments shall be collected by the Association on a monthly basis as follows: On or before the first day of each month for which the Assessments are made each Owner shall pay the share of said Owner in the Common Expenses as shown by the budget. The Board of Directors may cause to be sent to each Owner, on or before the first day of each month, a statement of the monthly Assessments. However, the failure to send or receive such monthly statement shall not relieve the Owner of the obligation of the Owner to make timely payment of the Assessments. If the Board of Directors shall not approve an annual budget or shall fail to determine new Assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay the amount of the Assessment of said Owner as last determined. Provided, However, the Board of Directors shall have the power to amend the period of the installment payments to be due and payable to provide for annual, quarterly, monthly or any other period of installment payment.

**Section 9.04. Reserves for Replacements.** The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements or common areas. The fund shall be maintained out of Assessments.

**Section 9.05. Lien for Assessments.** If any Owner shall fail or refuse to make any payment of the Assessments when due, the amount due, together with costs, reasonable attorney's fees and interest thereon at a rate to be set by the Board of Directors but in no event greater than eighteen percent rate per annum from and after the date said Assessments became due and payable in accordance with the Declaration and shall constitute a lien on the interest of the Owner in the Unit.

**Section 9.06. Acceleration of Assessment Installments Upon Default.** If an Owner shall be in default in the payment of an installment upon any Assessment, the Board of Directors may accelerate the remaining installments of such Assessment upon notice to the Owner, and thereupon the unpaid balance of the Assessment shall come due upon the date stated in the notice, but not less than ten days after hand-delivery to the Owner, or not less than twenty days after posting such notice in the United States mail to said Owner by registered or certified mail, postage prepaid, whichever shall first occur. Upon default in the payment of an installment upon any Assessment, the Board of Directors shall be entitled to charge interest and service charges at the highest available rate allowable under Alabama law.

**Section 9.07. Default.** In the event an Owner of a Unit does not pay any sums, charges or Assessments required to be paid to the Association, the Association may foreclose the lien encumbering the Unit created by non-payment of the required monies in accordance with the Declaration; provided that thirty days prior notice of the intention to foreclose shall be by United States mail, postage prepaid, to the Owner and to all Eligible Security Interest Holders as shown in the records of ownership of the Association. The Association shall be entitled to the appointment of a receiver, if the Association so requests. The Association shall have the right to bid-in the Unit at a foreclosure sale and to acquire, hold, obtain a Security Interest and convey the Unit. In any such foreclosure action, the lien of the Association shall be as stated in the Declaration. In lieu of foreclosing the lien of the Association, the Association may bring suit to recover a money judgment for any sums, charges or Assessments required to be paid to the Association without waiving the lien of the Association securing same. In any action either to foreclose the lien of the Association or to recover a money judgment, brought by or on behalf of the Association against an Owner, the defendants shall pay the cost together with a reasonable attorney's fee.

If the Association becomes the Owner of a Unit by reason of foreclosure, the Association shall offer said Unit for sale and at such time as a sale is consummated the Association shall deduct from such proceeds all sums of money due the Association for Assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees, and any and all expenses incurred in the resale of the Unit, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the family Unit in question. All monies

remaining after deducting the foregoing items of expense shall be returned to the former **Owner** of the **Unit** in question.

**Section 9.08. Supplemental Assessments.** If during the course of any fiscal year, the **Board of Directors** determines that the **Assessments**, as established in the annual budget, are insufficient or inadequate to cover the estimated **Common Expenses** for the remainder of such year, then the **Board of Directors** shall prepare and approve a supplemental budget covering the estimated deficiency. Copies of the supplemental budget shall be delivered to each **Owner**, and a supplemental **Assessment** shall be made to each **Owner** for the share of the supplemental budget of said **Owner**.

**Section 9.09. Annual Statement.** Within sixty days after the end of each fiscal year, the **Board of Directors** shall cause to be furnished to each **Owner**, a statement for the year so ended showing the receipts and expenditures of the **Association**, and such other information as the **Board of Directors** may deem desirable.

**Section 9.10. Accounting Records.** The **Board of Directors** shall cause to be kept, in accordance with generally accepted accounting principles, a record of all receipts and expenditures; and a separate account for each **Unit** showing the **Assessments** or other charges due, the due dates of said **Assessments** or charges and the present balance due. Such accounting records shall be open to inspection by **Owners** at reasonable times during regular business hours.

**Section 9.11. Depository.** The depository of the **Association** shall be such bank or banks with offices located in the **State of Alabama** as shall be designated from time to time by the **Board of Directors** and in which monies of the **Association** shall be deposited. Withdrawal of monies from such account shall be only by checks or authorizations signed by such **Persons** as are authorized by the **Board of Directors**.

**Section 9.12. Fidelity Bonds.** Fidelity bonds shall, if reasonably available, be required by the **Board of Directors** from all officers and employees of the **Association** and from any manager handling or responsible for **Association** funds and from any employee, agent or subcontractor of a manager handling or responsible for the **Association** funds. The amount of such bonds shall be determined by the **Board of Directors**, but shall be at least the amount of one hundred and fifty percent of the total annual **Assessments** against **Members** for recurring expenses. The premiums on such bonds shall be paid by the **Association**.

**Section 9.13. Insurance and Casualty Loss.** The **Board of Directors** shall comply with all of the provisions of the **Declaration** pertaining to insurance and casualty loss.

**Section 9.14. Records of the Association.** The **Association** shall make available copies of the records of the **Association** pursuant to the requirements of the **Declaration**.

**Section 9.15. Notices to Lenders.** The **Association** shall provide notices to lenders required by the **Declaration**.

**Section 9.16. Fiscal Management.** The terms and provisions of the **Declaration** pertaining to fiscal management are incorporated in these **By-Laws** as if fully set out as an exhibit.

#### **Article X** **Obligations of the Owners**

**Section 10.01. Assessments.** Every **Owner** of any **Unit** shall contribute toward the expense of administration of the **Association**, as provided in the **Declaration** and in these **By-Laws**. Each **Assessment** against a **Unit** shall also be the personal obligation of the **Owner** at the time the **Assessment** fell due.

**Section 10.02. Maintenance and Repair.** Every **Owner** of any **Unit** shall promptly perform all

maintenance and repair work, as provided in the **Declaration** or these **By-Laws**. An **Owner** shall reimburse the **Association** for any expenditures incurred in repairing or replacing any **Common Elements** or common facilities damaged through the fault of the **Owner** or the fault of the family, guests, or invitees of the **Owner**.

**Section 10.03. Use of Units.** All **Units** shall be used in accordance with the provisions of the **Declaration**, these **By-Laws** and the **Rules and Regulations**.

## **Article XI** **Rules and Regulations**

**Section 11.01. Rules and Regulations.** The **Declarant** or the **Board of Directors** may from time to time and subject to the rights of control by the **Declarant** provided for in the **Declaration**, adopt, modify, amend or add to **Rules and Regulations** concerning the use of **Sunset Bay at Bon Secour Island Villas, a Condominium**. Copies of such **Rules and Regulations** shall be hand-delivered or posted by **United States** mail, postage prepaid, to each **Owner** not less than fourteen days prior to the effective date of said **Rules and Regulations**. No **Rules or Regulations** may be adopted by the **Association** that conflicts with the **Declaration**, the **Articles of Incorporation** or these **By-Laws**.

**Section 11.02. Hearing Procedure.** The **Board of Directors** shall not impose a fine, suspend voting or infringe upon any of the rights of a **Member** or other **Occupant** for violations of the **Rules and Regulations**, or the **Declaration**, these **By-Laws** or **Articles of Incorporation**, unless and until the following procedure is followed:

A. **Demand.** Written demand to cease and desist from an alleged violation shall be hand-delivered or posted by **United States** mail, postage prepaid, to the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period not less than ten days, but in the case of an emergency immediate notice may be given, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and a hearing that the violation is not continuing.

B. **Notice.** At any time within twelve months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same is subsequently violated, the **Board of Directors** or a delegate of the **Board of Directors** shall hand-deliver or by **United States** mail written notice to the violator of a hearing to be held by the **Board of Directors** or a committee appointed by the **Board of Directors**. The notice shall contain: (i) the nature of the violation; (ii) the time and place of the hearing, which time shall not be less than ten days from the giving of the notice, but in the case of an emergency immediate notice may be given; (iii) an invitation to attend the hearing and produce any statement, evidence and witness on behalf of the violator; and (iv) the proposed sanction to be imposed.

C. **Hearing.** The hearing shall be held in executive session pursuant to the notice affording the **Member** a reasonable opportunity to be heard. Prior to the effectiveness of any sanction under these **By-Laws**, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, **Director** or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

D. **Appeal.** If a hearing is before a committee of the **Board of Directors**, following said committee hearing, the violator shall have the right to appeal the decision to the **Board of Directors**. To perfect this right, written notice of appeal must be received by the **President** or **Secretary** within thirty days after the hearing date.

**Article XII**  
**Amendments to the By-Laws**

**Section 12.01. Adoption.** These **By-Laws** may be altered, amended or appealed or new **By-Laws** may be adopted by the affirmative vote or agreement of **Members** to which two-thirds of the votes in the **Association** are allocated.

**Section 12.02. Prohibited Amendments.** No amendment of these **By-Laws** may be adopted that would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted by these **By-Laws** to the **Declarant**. No amendment that is in conflict with the **Articles of Incorporation**, the **Declaration**, or **Alabama** law shall be adopted.

**Section 12.03. Recording.** Any amendment to these **By-Laws** shall become effective when recorded in the **Office of the Judge of Probate of Baldwin County, Alabama**.

**Article XIII**  
**Miscellaneous**

**Section 13.01. Construction.** Wherever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of the gender shall be deemed to include all genders.

**Section 13.02. Captions.** The captions in these **By-Laws** are inserted only as a matter of convenience for reference, and in no way define, limit or describe the scope of these **By-Laws** or the intent of any provision of these **By-Laws**.

**Section 13.03. Conflicts.** If there are conflicts or inconsistencies between the provisions of **Alabama** law, the **Articles of Incorporation**, the **Declaration** and these **By-Laws**, the provisions of **Alabama** law, the **Declaration**, the **Articles of Incorporation** and these **By-Laws** (in that order) shall prevail.

**Section 13.04. Compliance.** These **By-Laws** are intended to comply with the requirements of **Alabama** law which shall be considered an appendage to the **Declaration** and the **Articles of Incorporation** filed with these **By-Laws**.

**Section 13.05. Right of Entry.** The manager and any **Person** authorized by the **Board of Directors** shall have the right to enter each **Unit** in case of any emergency originating in or threatening such **Unit** whether or not the **Owner** or **Occupant** is present at the time.

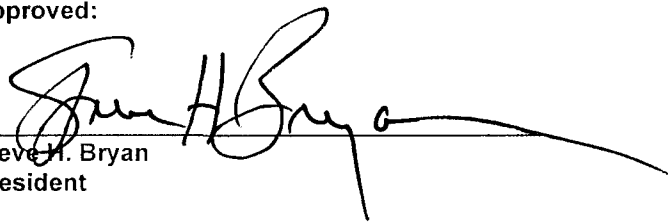
**Section 13.06. Parliamentary Rules.** **Roberts Rules of Order** (latest edition) shall govern the conduct of the meetings of the **Association** or the **Board of Directors** when not in conflict with the **Declaration** or these **By-Laws**.

**Section 13.07. Registered Office and Agent.** The location address of the initial registered office is 16850 County Road 6 Ext., **Gulf Shores, Alabama 36542** and the mailing address of the initial registered office is 779 Avery Boulevard, **Ridgeland, Mississippi 39157**. The name of the initial registered agent of the **Association** is **Steve H. Bryan**.

These are the **By-Laws** of **Sunset Bay at Bon Secour Island Villas Condominium Owners' Association, Inc.**, adopted by the **Board of Directors** on the 23<sup>rd</sup> day of **August, 2007**.

  
\_\_\_\_\_  
**Greg Murphey**  
**Secretary**

Approved:



Steve H. Bryan  
President

**THIS INSTRUMENT PREPARED BY:**

Sam W. Irby  
Irby & Heard, P.C.  
Attorney at Law  
317 Magnolia Avenue  
Post Office Box 1031  
Fairhope, Alabama 36533  
(251)928-4555

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