

ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
PROPERTY OWNERS ASSOCIATION OF ONO ISLAND, INC.
A NON-PROFIT CORPORATION

In compliance with the requirements of Alabama Non Profit Corporation Act, the undersigned officers of the Property Owners' Association of Ono Island, Inc., an Alabama non-profit corporation, do hereby certify that, after providing proper advanced written notice to its membership and after having conducted a vote in keeping with the dictates of law and the original Articles of Incorporation for said non-profit corporation, the membership has amended the original Articles of Incorporation for said non-profit corporation, effective January 1, 2000, which Articles of Incorporation are fully setout herein, including all amendments, additions, and changes thereto as have been lawfully enacted by the membership. These Articles of Incorporation replace the original Articles of Incorporation for said non-profit corporation, which were originally recorded in the Probate Records of Baldwin County, Alabama on September 10, 1970, Real Property Book 17, Pages 861 through 868. The Amended Articles of Incorporation for Property Owners' Association of Ono Island, Inc., is, as follows:

ARTICLE I: NAME. The name of this corporation is PROPERTY OWNERS ASSOCIATION OF ONO ISLAND, INC.

ARTICLE II: PURPOSES AND POWERS. The corporation does not contemplate pecuniary gain or profit direct or indirect to its members. The purposes for which the corporation is organized are to promote the health, safety and welfare of the residents, owners and tenants living within the perimeter boundaries of "The Properties" as hereinafter defined and for these purposes to:

- (a) Own, acquire, build, operate, and maintain recreational parks, playgrounds, swimming pools, golf courses, and other recreational facilities, commons, streets, footways, buildings, structures and personal property incident thereto, hereinafter referred to as the "Common properties."
- (b) Provide exterior maintenance for lots and structures within "The Properties."
- (c) Provide garbage and trash collection.
- (d) Provide fire and police protection.
- (e) Maintain unkept lands and trees.
- (f) Supplement municipal services.

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

2000 December -19 3:46PM

Instrument Number 575735 Pages 21
Recording 10.00 Mortgage
Deed Min Tax
Index DP 1.00
Archive 3.00
Adrian T. Johns, Judge of Probate

575735

- (g) Fix assessments and/or charges to be levied against "The Properties;"
- (h) Fix fees and charges, if any, that are to be made for the use of association facilities and equipment;
- (i) Enforce any and all covenants, restrictions, rules, regulations and agreements applicable to "The Properties;"
- (j) Pay taxes, if any, on the "Common Properties" and any facilities thereon; and
- (k) Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of "The Properties" and to acquire, own and operate property, both real and personal for said purposes.

"The Properties" as used throughout this document is defined as and shall mean and refer to all those parts of Ono Island located in Baldwin County, Alabama, of which a plat of subdivision, duly recorded in the probate records of Baldwin County, Alabama, has been previously executed or approved in writing by the original developer of the Ono Island Subdivision, or its successors or assigns,; and such additions thereto as heretofore have been made, or which may hereinafter be brought, within the jurisdiction of the association by annexation as provided in Article VI hereof. Lands not included within the perimeter boundaries of a recorded plat executed or approved by the original developer of the Ono Island Subdivision, or its successors or assigns, or annexed in keeping with the provisions of Article VI hereof, shall not be included within the meaning of "The Properties" as used herein unless and until the same are annexed.

ARTICLE III: MEMBERSHIP. Every person or entity who is a record owner of a vested interest in the fee simple title to any "Lot" or "Living Unit" as hereinafter defined in this Article, which is subject by covenant of record to assessment by this association, shall be a member of this association. Provided, however, that any such person or entity who holds such interests merely as security for the performance of an obligation shall not be a member, unless and until such security holder or mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu thereof, and provided, further, that any owner of any property that is exempted from assessment by the covenants of record shall not be a member unless such person or entity owns another Lot or Living Unit qualifying him for membership. The purchaser at foreclosure or proceedings in lieu thereof shall be a member and the debtor's membership shall cease regardless of whether there is an outstanding right of redemption or not.

(a) For purposes of membership, a "Lot" is defined as any parcel of land shown upon any recorded subdivision map of "The Properties" with the exception of "Common Property" as defined in the Declaration of General Covenants and Restrictions applicable to "The Properties."

(b) For purposes of membership, a "Living Unit" is defined as a Structure situated upon a portion of "The Properties," and intended for use or occupancy as a residence by a single family.

ARTICLE IV: VOTING RIGHTS. The association shall have one (1) class of voting membership:

Members shall be entitled to one vote for each lot or living unit in which they hold the interest required for membership under Article III hereof. When more than one person holds such interest or interests in any lot or living unit, all such persons shall be members, and the one vote for such lot or living unit shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such lot or living unit.

For purposes of determining the votes allowed under this section, when living units are counted, the lot or lots upon which such living units are situated shall not be counted.

ARTICLE V: BOARD OF DIRECTORS.

Section 1. SELECTION AND TERM OF OFFICE. The affairs of the corporation shall be managed by a Board of Directors who shall be members of the corporation. The Board of Directors shall consist of eleven (11) directors who shall hold office until the election of their successors. Eleven (11) directors shall be selected by the members to hold office for terms of three (3) years. At each annual meeting thereafter the members shall elect that number of persons needed to maintain the size of the Board at eleven (11) directors.

Section 2. Vacancies. Vacancies in the Board of Directors shall be filled by the majority of remaining directors and any such appointed director shall hold office during the unexpired term of his predecessor.

ARTICLE VI: ADDITIONS TO PROPERTY AND MEMBERSHIP.

Additions to the lands comprising "The Properties" as defined in Article II hereof may be made in accordance with the provisions of the recorded Declaration of General Covenants and Restrictions applicable to "The Properties." Any such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and memberships of this corporation to such annexed properties. When and if the applicable covenants require that certain additions be approved by this corporation, such approval must have the assent of two thirds (2/3rds) of the votes cast (in person or by proxy) at a meeting duly called for this purpose, written notice of which meeting shall be mailed to all members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting.

ARTICLE VII: MERGERS AND CONSOLIDATIONS. Subject to the provisions of the recorded Declaration of General Covenants and Restrictions applicable to The Properties as defined in Article II hereof and to the extent permitted by law, the corporation may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two thirds (2/3rds) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of such meeting shall be mailed to all members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting.

ARTICLE VIII. MORTGAGES: OTHER INDEBTEDNESS. The corporation shall have the power to mortgage its properties only to the extent authorized under the recorded Declaration of General Covenants and Restrictions applicable to "The Properties."

The total debts of the corporation, including the principal amount of such mortgages outstanding at any time, shall not exceed the total of one (1) year's assessment current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two thirds (2/3rds) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which meeting shall be mailed to all members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting.

ARTICLE IX: QUORUM FOR ANY ACTION GOVERNED BY ARTICLES VI, VII, AND VIII OF THESE ARTICLES: The quorum required for any action governed by Articles VI, VII, and VIII of these Articles shall be as follows:

At any meeting duly called as provided herein, the presence at the meeting of members or of proxies entitled to cast a majority of all of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, one or more subsequent meetings may be called, subject to ten (10) days written notice of each such subsequent meeting, provided that no

such subsequent meeting shall be held more than sixty (60) days following such preceding meeting.

ARTICLE X: DEDICATION OF PROPERTIES OR TRANSFER OF FUNCTION TO PUBLIC AGENCY OR UTILITY. The corporation shall have power to dispose of its real properties only as authorized under the recorded Declaration of General Covenants and Restrictions applicable to "The Properties."

ARTICLE XI: DURATION. The corporation shall exist perpetually.

ARTICLE XII: DISSOLUTION. The corporation may be dissolved only with the assent given in writing and signed by the members entitled to cast two thirds (2/3rds) of the votes of its membership. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets (which shall be consonant with Article XIII hereof) shall be mailed to every member at least thirty (30) days in advance of any action sought to be taken.

ARTICLE XIII: DISPOSITION OF ASSETS UPON DISSOLUTION. Upon dissolution of the corporation, the assets both real and personal of the corporation, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the corporation. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the corporation. No such disposition of Association properties shall be effective to divest or diminish any right or title of any member vested in him under the recorded Declaration of General Covenants and Restrictions and deeds applicable to "The Properties" unless made in accordance with the provisions of such covenants and deeds.

ARTICLE XIV: AMENDMENTS. These Articles may be amended in accordance with the law, provided that the quorum and voting requirements specified for any action under any provisions of these Articles shall also apply to any amendment of such provisions; and provided, further, that no amendment shall be effective to impair or dilute any rights of members that are governed by the recorded covenants and restrictions applicable to "The Properties" (as, for example, membership and voting rights) which are part of the property interest created thereby.

ARTICLE XV: THE INCORPORATORS. The name and addresses of each incorporator is:

JERE AUSTILL, JR., 1005 Van Antwerp Building, Mobile, Alabama

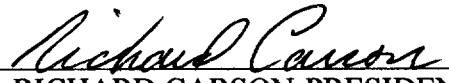
EVAN AUSTILL, 1005 Van Antwerp Building, Mobile, Alabama

PHILIP N. SCHOCK, JR., 124 Houston Street, Mobile, Alabama.

ARTICLE XVI: REGISTERED OFFICE AND AGENT. The address of the registered office of the corporation is 28491 Ono Boulevard, Orange Beach, Alabama 36561,, and the name of its registered agent at such address is William Hayes, Administrator.

IN WITNESS WHEREOF, we, the undersigned, affirm that we are the corporate president and secretary, respectively, of the Property Owners' Association of Ono Island, Inc., an Alabama non-profit corporation, and attest that the foregoing Amendments to the Articles of Incorporation of the said non-profit corporation were duly approved by a lawful vote of 2/3rds of the votes entitled to be cast by members present or represented by proxy at a meeting of the membership called for the purpose of considering said Amendments, after the chair first recognized the presence of a quorum of the members at said meeting, which was conducted on the 13th day of November, 1999. These Amendments are to take effect beginning on January 1, 2000.

Done this the 30 day of November, 2000.


RICHARD CARSON-PRESIDENT


EDWARDS BROCKWAY-SECRETARY

STATE OF ALABAMA

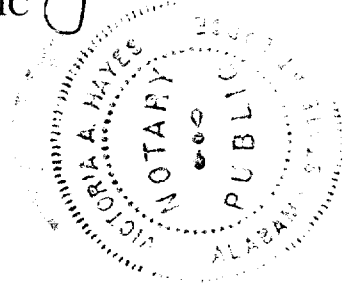
COUNTY OF BALDWIN

I, the undersigned, a Notary Public, in and for said State and County, do hereby certify that Richard Carson and Edwards Brockway, whose names are signed to the foregoing Amended Articles of Incorporation, and who are known to me, acknowledged before me on this day that being informed of the contents of said Articles, they executed the same voluntarily on the day the same bears date, and further, that they are, in fact, the duly appointed president and secretary, respectively, of the Property Owners' Association of Ono Island, Inc., an Alabama non-profit corporation.

GIVEN UNDER MY hand and seal on this the 30 day of November,
2000.

Victoria A. Hayes
NOTARY PUBLIC

My Commission Expires on the 30th
day of April
NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: July 23, 2002
BONDED THRU NOTARY PUBLIC UNDERWRITERS



THIS INSTRUMENT PREPARED BY:
DAVID A. SIMON, ESQ.
OF COUNSEL: WILLS & SIMON
ATTORNEYS AT LAW
P.O. BOX 547
125 D'OLIVE STREET
BAY MINETTE, ALABAMA 36507
(334) 937-2411

DECLARATION OF GENERAL
COVENANTS AND
RESTRICTIONS
APPLICABLE
TO ONO ISLAND SUBDIVISION
BALDWIN COUNTY, ALABAMA

THIS DECLARATION, made the 1st day of January 2000, by the PROPERTY OWNERS ASSOCIATION OF ONO ISLAND, INC., an Alabama non-profit corporation, hereinafter called "Association."

WITNESSETH:

WHEREAS, a Declaration of General Covenants and Real Property Restrictions applicable to the Ono Island Subdivision was declared by the original developer thereof on September 9, 1970, which document is recorded in the Probate Records of Baldwin County, Alabama, Miscellaneous Book 22, Page 359, et seq.; and

WHEREAS, by the recordation of said Declaration of General Covenants and Real Property Restrictions in 1970, the original developer of the Ono Island Subdivision established a scheme of development applicable to said subdivision; and

WHEREAS, the membership of the Association desires to amend the General Covenants applicable to the Ono Island Subdivision in keeping with Article VIII of the original General Covenants as above-described, and to renew and extend said Covenants for successive periods of ten (10) years, so the Covenants and Restrictions as amended will run with the land and be binding upon each lot and lot owner within the Ono Island Subdivision

as it is currently comprised, or as it is hereafter enlarged or amended; and

WHEREAS, the Association desires to maintain and create within the Subdivision a community with permanent parks, playgrounds, open spaces, roads, walks, canals, basins, beaches, and other common areas and common facilities for the benefit of said community; and

WHEREAS, the Association desires to provide for the preservation of the values and amenities in said community, and for the maintenance of said parks, playgrounds, open spaces, roads, walks, canals, basins, beaches, and other common areas and common facilities;

WHEREAS, the PROPERTY OWNERS ASSOCIATION OF ONO ISLAND, INC., an Alabama non-profit corporation, was formed for the purpose of exercising the functions aforesaid;

NOW, THEREFORE, the Property Owners Association of Ono Island, Inc., declares that the real property described in Article II and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges, and liens (sometimes referred to as "General Covenants and Restrictions") hereinafter set forth, which said "General Covenants and Restrictions" shall be in addition to "Local Covenants and Restrictions" applicable to limited areas within the boundaries of the properties covered by the General Covenants and Restrictions.

ARTICLE I
DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association," shall mean and refer to Property Owners Association of Ono Island, Inc.

(b) "The Properties" shall mean and refer to all those parts of Ono Island located in Baldwin County, Alabama, contained within the existing plats of subdivision for the Ono Island Subdivision, as duly recorded in Baldwin County, Alabama, and such additions thereto as may hereinafter be brought within the jurisdiction of the Association by annexation as provided in Article II hereof. Lands not included within the perimeter boundaries of a recorded plat executed or approved by the original developer of the Subdivision, or by the Association, as aforesaid shall not be included within the meaning of "The Properties" as used herein unless and until the same are annexed.

(c) "Common Properties" shall mean and refer to those areas of land designated by the Developer on any recorded plat of The Properties as "Common Properties" or "Common Properties (Limited Use)" and also any properties conveyed to the Association as or for "Common Properties" or "Common Properties (Limited Use);" and shall include any parks, playgrounds, commons, streets, footways, buildings,

structures, recreational facilities and any other real and personal property owned and maintained by the Property Owners Association of Ono Island, Inc. for the common benefit and enjoyment of the residents of The Properties.

(d) "Common Properties (Limited Use)" shall refer to those common properties to which use or enjoyment is limited or restricted to residents of a given Unit, Block or Area; or from which residents owning interests of a given type, or in a given location on the properties are excluded, or their use and enjoyment is in some way limited. Common properties (Limited Use) is referred to in Article IV, Section 2 of these covenants. The designation "Common Properties" when used in these covenants is intended to and shall include both "Common Properties" and "Common Properties (Limited Use)."

(e) "Lot" shall mean and refer to any parcel of land shown upon any recorded subdivision map of The Properties with the exception of Common Properties as heretofore defined.

(f) "Living Unit" shall mean and refer to each structure situated upon a portion of The Properties and intended for use and occupancy as a residence by a single family.

(g) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a vested interest in the fee simple title to any Lot or Living Unit situated upon the Properties, and if said title is split between estates for life or years, and remainder, then the owner or owners of the estate having present rights to possession shall

be considered the "Owner." Notwithstanding any applicable theory of the mortgage, the word "Owner" shall not mean or refer to any mortgagee unless and until such mortgagee has acquired title, whether subject to redemption or not, pursuant to foreclosure or any proceeding in lieu thereof. After any mortgagee or any lien holder or purchaser at foreclosure sale acquires title by foreclosure or proceedings in lieu of foreclosure he shall be and become the Owner within the meaning of these covenants, and the debtor or debtors shall no longer be an Owner regardless of whether or not there is outstanding a right of redemption.

(h) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article III, Section 1, hereof.

(i) "General Covenants and Restrictions" shall mean and refer to these covenants and restrictions, which shall be applicable to the real property described in Article II, and such additions thereto as may hereinafter be made pursuant to Article II hereof.

(j) "Local Covenants and Restrictions" shall mean and refer to those covenants and restrictions which are applicable to an area which lies wholly within the boundaries of the area covered by the General Covenants and Restrictions, but which is limited in size to boundaries potentially smaller than those covered by the General Covenants and Restrictions. "Local Covenants and Restrictions" shall be additional covenants relating to a limited area within the area covered by the General Covenants and

Restrictions and shall apply to such limited area only.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS THERE TO

Section 1. Existing Property. The real property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration of General Covenants and Restrictions is located on Ono Island in Baldwin County, Alabama, and is more particularly described as the Ono Island Subdivision, and all subsequent additions thereto, as platted and recorded in the Records of the Office of the Judge of Probate of Baldwin County, Alabama. All of which real property shall hereinafter be referred to as "Existing Property."

Section 2. Additions to Existing Property. Additional land may become subject to this Declaration of General Covenants and Restrictions in any of the following manners:

A. Additions. . Upon approval in writing of the Association pursuant to a vote of its members as provided in its Articles of Incorporation, any owner of other property on Ono Island who desires to add it to the scheme of this Declaration, and to subject it to the jurisdiction of the Association, may do so by filing of record a declaration of local covenants and restrictions. The additions authorized under this subsection shall be made by filing of record a declaration of local covenants and restrictions with respect to the additional property, which shall adopt by reference and thereby

extend the scheme of this Declaration of General Covenants and Restrictions to such property, and which shall set forth such local covenants and restrictions as are applicable to the additional properties. Any such Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect any different character of land use, if any, of the added properties, which is not inconsistent with the scheme of this Declaration. In no event, however, shall any such Declaration revoke, modify, or add to the covenants established by this Declaration of General Covenants and Restrictions and/or the Declaration of Local Covenants and Restrictions insofar as they affect the lands presently comprising the Existing Property. Any owner of other property who desires to add it to the scheme of this Declaration shall submit to the Association for its approval a plat or map of such property, showing the "Common Properties" thereon. Any such plat or map shall be executed by, or bear upon its face, the written approval of the Association. Any such plat or map shall have a statement upon its face that it is an addition to the Existing Properties, and that the owners of lots or living units will be automatic members of the Property Owners Association of Ono Island, Inc. and subject to assessment for their just share of Association expenses. Upon written approval by the Association, pursuant to a vote of its members as provided in its Articles of Incorporation, the said plat or map shall be filed with the Office of the Judge of Probate of Baldwin County, Alabama, in order to create the addition to the Subdivision.

B. Mergers. Upon any merger or consolidation of the Association with another association as provided in its Articles of Incorporation, the properties, rights and obligations of Property Owners Association of Ono Island, Inc. may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions, both general and local, applicable to the Existing Property, together with the covenants and restrictions, both general and local, established upon any other properties, as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants, either general or local, established within the Existing Property except as hereinafter provided.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership.

Every person or entity who is a record owner of a vested interest in the fee simple title to any Lot or Living Unit as herein defined, which is subject by covenants of record to assessment by this Association, shall be a member of this Association. Provided, however, that any such person or entity who holds such interest merely as security for the

performance of an obligation shall not be a member unless and until such security holder or mortgagee has acquired title pursuant to foreclosure or any proceedings in lieu thereof, and provided further that any owner of any property that is exempted from assessment by covenants of record shall not be a member unless such person or entity owns other land or living unit qualifying him for membership. The purchaser at foreclosure or proceedings in lieu of foreclosure shall be a member and the debtor's membership shall cease, regardless of whether there is an outstanding right of redemption or not.

Section 2. Voting Rights.

All owners, as defined in Article I(g) hereof, shall be entitled to one (1) vote for each lot or living unit in which they hold the interest required for membership by Article III, Section 1 hereof. When more than one (1) person holds such interest or interests in any Lot or Living Unit, all such persons shall be members, and the one (1) vote for any such Lot or Living Unit shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any such Lot or Living Unit.

For purposes of determining the votes allowed under this section, when Living Units are counted, the Lot or Lots upon which said Living Units are situated shall not be counted.

ARTICLE IV

PROPERTY RIGHTS
IN THE COMMON PROPERTY
AND PRIVATE ROADS

Section 1. Member's Easement of
Enjoyment.

(a) "Private Roads." All roads, bridges, streets, alleyways, easements and other areas which are usually dedicated to the public by the recording of a plat of subdivision, and which are hereinafter referred to as "Private Roads" are expressly reserved by the Association for the use and enjoyment of its members, and are NOT DEDICATED, NOT DONATED and NOT GRANTED to the public.

Each owner of a lot or living unit in The Properties and each member is granted, subject to Article IV, Section 3 hereof, a right and easement of use and enjoyment in and to said "private roads" shown upon the plat of subdivision, which shall be appurtenant to and shall pass with the title to every lot and living unit.

The right and easement of use and enjoyment granted in said "private roads" may be exercised by any of said owners and members and their servants, agents, employees and guests. No owner or member shall have the right to grant or extend to others any right of access to the roads and bridges of the subdivision, except that they may invite their servants, agents, employees or guests to use the roads and bridges in order to gain access to their respective Lot or Living unit. Nothing herein contained shall constitute a public dedication of such "private roads."

(b) "Common Properties."

Subject to Section 3 of this Article, every member shall have a right and easement of enjoyment in and to the Common Properties, subject to such restrictions as may be placed upon certain Common Properties restricting or limiting its use to residents of a certain Unit, Block, area, or type of properties as set out in Section 2 of this Article. Such easement shall be appurtenant to and shall pass with the title to every Lot and Living Unit.

Section 2. Title to Common Properties, Private Roads, and Implied Easements Any plat of subdivision placed of record shall designate the private roads and private easements, and also any properties, which may be Common Properties. If the use of such Common Properties is limited or restricted to residents of any given unit, block, area, or type of ownership, the same shall be designated upon such plat or map as "Common Properties (Limited Use)." When any additions are made to the Ono Island Subdivision, the individual(s) or entity making the addition with the approval of the Association shall convey legal title by full warranty deed to all Private Roads, Common Properties and Common Properties (Limited Use) as are contained within the addition, and this conveyance shall take place before or contemporaneous with the recordation of the plat reflecting the addition to the subdivision. There shall be no right to use any recreation park, playground, street, easement, footway, building, structure, or other recreational facility or personal property incident thereto unless the same is designated upon a recorded plat or map as "Private Roads," "Common Properties," or "Common Properties (Limited Use)," or unless a written

agreement executed by the Developer of the unit of the subdivision in which the property in question is located is recorded, designating such property, or unless the property is conveyed to the Association for such use. No part of the property is intended to be dedicated to any public agency, authority, or utility for any public use, except as herein provided, and no dedication to the public, or right of use by the public shall be implied from these covenants, or from the recorded plat of The Properties, or otherwise.

Section 3. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Properties and in aid thereof to mortgage said properties. and

(b) The right of the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosure; and

(c) The right of the Association as provided in its Articles and By-Laws to suspend the enjoyment rights of any member for any period during which any assessment due by said member remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations; and

(d) The right of the Association to charge reasonable admission and other fees for the use of the Common Properties; and

(e) The right of the Association to dedicate or transfer all or any part of the Private Roads, Private Easements and Common Properties to any public agency, authority, or utility for such purposes and subject to such conditions as may be stipulated in any such dedication or transfer. No such dedication or transfer, if made by the Association, shall be effective unless an instrument signed by Members entitled to cast 2/3rds of the votes of the membership has been recorded agreeing to such dedication or transfer, and unless written notice of the proposed action to be taken is sent to every Member at least 30 days in advance of any meeting at which said members shall vote upon such action.

(f) No member or owner shall have any right to use or grant to others the right to use any road, bridge, walk, common properties or any other part of the properties as access to any lands on Ono island not subdivided, regardless of whether such other land is owned by the Association or a member or other person having the right to use such roads, bridges, walks, and commons, except only as provided in Section (e) above. The right to extend the use of the roads, bridges, walks or commons to any lands within the Ono Island Subdivision is exclusively reserved by the Association.

(g) No Member or Owner shall have the right to grant to others the right to use any road, bridge, walk, common property, or other part of the Properties except to the limited extent of each Member's right to invite their servants, agents, employees or guests to use the Private Roads and Common Properties to gain access to their respective Lot or Living Unit.

ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligations of Assessments. Each owner of any Lot or Living Unit owned within the properties, hereby covenants; and each owner of any Lot or Living Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is hereby deemed to covenant and agree to pay to the Association: (1) Annual assessments or charges; and (2) special assessments for capital improvements, such assessment to be fixed, established and collected from time to time as hereinafter provided. The annual and any special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of any person who was an owner of such property, as hereinabove defined, at the time when the assessment fell due, or in the event there is more than one owner of any Lot or Living Unit, each and every such owner shall be personally liable for the entire assessment due from such lot or living unit, said obligation being several as well as joint.

Section 2. Purpose of Assessment. The assessments levied by the Association shall be used for the purposes of promoting the recreation,

health, safety, general welfare and convenience of the owners of the properties and Members of the Association, and in particular for the improvement and maintenance of properties, services and facilities devoted to these purposes and related to the use and enjoyment of The Properties and of the homes situated upon The Properties, including, but not limited to, the payment of taxes, and insurance on the Common Properties and Common Properties (Limited Use) and for repair, replacement and additions to any improvements thereon, and for the cost of labor, equipment, materials, management, and supervision thereof.

Section 3. Basis and Maximum Annual Assessments. The annual assessment may be increased and set by vote of the members, as hereinafter provided. No increase in the annual assessment may take effect any sooner than thirty-six (36) months after the effective date of the last increase in the annual assessment. The Board of Directors of the Association may, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment for any year at a lesser amount.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 3 hereof, the Association may levy in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary

fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of members who are voting in person or by proxy at a meeting called duly for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting.

Section 5. Change in Basis and Maximum of Annual Assessments. Subject to the limitations of Section 3 hereof, and for the period therein specified, the Association may change the maximum and basis of the assessment fixed by Section 3 hereof prospectively for any such period provided that such change shall have the assent of a majority of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting, provided further that the limitations of Section 3 hereof shall not apply to any change in the maximum and basis of the assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation and under Article II, Section 2 hereof.

Section 6. Quorum for any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Sections 4 and 5 hereof shall be as follows:

At any initial meeting called for the purposes provided in Sections 4 and 5 hereof, the presence at the meeting of members or of proxies entitled to cast a

majority of all votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, one or more subsequent meetings may be called, subject to ten days written notice of each such subsequent meeting; provided that no such subsequent meeting shall be held more than sixty days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments. Due Date. The assessment for any year shall be for a fiscal year commencing March 1, and terminating on the last day of February of the following year. Each such annual assessment shall become due and payable on the first day of March of each such fiscal year. The assessment year and due date may be changed from time to time by the Board of Directors.

The amount of the first assessment levied against any property which is hereafter added to the Properties now subject to assessment at a time other than the beginning of any assessment period shall be prorated depending upon the portion of a twelve month period affected by said assessment.

The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 8. Duties of the Board of Directors With Regard to Assessments. Any change made by the Board of Directors of the Association in the date of commencement and the amount of the assessment against each Lot or Living unit for any assessment period shall be made at least thirty (30)

days in advance of the due date of said assessment. The association shall prepare a roster of the Properties and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any owner. Written notice of any assessment shall be sent to every owner subject thereto, at least thirty days in advance of the due date.

The association shall, upon demand at any time, furnish to any owner liable for any assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non Payment of Assessment, The Personal Obligation of the Owner. The Lien: If the assessments are not paid on the date due (being the date specified in Section 7 hereof), then such assessments shall thereupon become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, become a continuing lien on the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then owner to pay such assessment, however, shall remain his personal obligation for the statutory period, and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the date when due, the assessment shall bear interest from the date of delinquency at the rate of eight percent per annum, and the

Association may bring an action at law against any owner personally obligated to pay the same, or the Association may foreclose the lien against the property; either or both, as it may determine, and there shall be added to the amount of such assessment the costs of preparing and filing any complaint in any such action; and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and a reasonable attorney's fee, to be fixed by the court, together with the costs of the action, and the expenses of litigation, including the expenses of depositions, travel, and expert witnesses. If there be more than one owner personally liable for any such assessment, this liability shall be several as well as joint, and the Association, in its sole discretion, may elect to proceed against one or more of these owners for recovery of the entire sum due.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Properties subject to assessments; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such mortgagee or other purchaser at foreclosure, or any grantee in any deed in lieu of foreclosure, or any successor in title, from liability for any assessments thereafter becoming due, nor relieve such property from the lien of any such subsequent assessment.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein: (a) All properties to the extent of any easement or other interest therein dedicated and accepted by the local public authorities and devoted to public use; (b) all common properties as defined in Article I, (c) and (d) hereof; all properties exempted from taxation by the laws of the State of Alabama upon the terms and to the extent of such legal exemption; (d) all private roads, bridges, streets, alleyways and easements.

Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges, or liens.

ARTICLE VI

ARCHITECTURAL CONTROL COMMITTEE

Section 1. No building, fence, wall, pier, driveway or other structure of any nature shall be commenced, erected, or maintained upon the Properties, or upon the waters adjacent thereto, nor shall any exterior alterations or additions be made to any existing building or structures upon any of The Properties or in, on, or over the water adjacent thereto, until the building, landscaping, and exterior lighting plans and specifications and plot and profile plans showing the elevation and location thereof, have been approved as to conformity and harmony of external and structural design with existing structures within the vicinity and within the same unit development of the subdivision; quality of workmanship and material; and as to location of any

building upon any lot with respect to topography, finish grade elevation and minimum setback; and until a building permit has been issued authorizing said construction. Said approval and building permit shall be issued by an Architectural Control Committee designated by Property Owners Association of Ono Island, Inc., or by a representative appointed by a majority of said committee. Lot owners submitting proposed plans for approval hereunder shall pay no fees or costs for said services of the Architectural Control Committee. All action of said committee shall be by majority vote, and all action of any representative appointed by the committee shall be subject to review and change by the committee. Two members of the committee shall constitute a quorum, and any members of the committee may vote on any questions by proxy.

Two complete copies of the plans required by these covenants shall be submitted in writing to the committee at the office of the Property Owners Association of Ono Island, Inc. or such other place as the committee may from time to time designate; and a dated receipt therefor shall be thereupon issued to said Lot Owner or his agent. The committee's approval or disapproval, as required in these covenants shall be in writing. Any notice of disapproval shall be sent by Certified Letter to the address furnished said committee by said owner. Said notice shall set forth any elements which are disapproved and the reason therefor, but such notice need not contain any suggestions as to the methods of curing the matters and things disapproved. In exercising its jurisdiction as herein provided, the committee shall particularly

consider the exterior materials and finishes planned to be used on any proposed residence or other structure, and shall have authority to disapprove any such construction upon purely aesthetic grounds alone. The committee shall act on all matters within its jurisdiction, including any matters hereinafter set out, within its sole discretion, and its judgment upon all such matters shall be final. In deciding whether to approve the location of any proposed structure, the committee may take into consideration the need to protect the adjacent property owner's maintenance of air, light, and view as part of the decision as to whether to issue the permit.

Section 2. The said Architectural Control Committee shall have the authority to periodically inspect the exterior of any dwelling unit or outbuilding, and also any pier, dock, retaining wall, sea wall, or similar structure, situated at any location upon The Properties or the waters adjacent thereto, and if the same are determined by said committee to be unsafe, in need of repair, or in such condition that the adjoining property may be adversely affected thereby, then said committee may cause the owner of said property to correct any such condition, and/or said committee shall have authority to enter upon said property and correct the same; and for the purposes hereof an easement in, on, over, and across all lots in this subdivision is hereby reserved in favor of said committee, its agents or employees; and no such entry nor any action taken pursuant to this covenant shall be deemed a trespass.

Section 3. The Architectural Control Committee may employ and pay for the service of architects or other

persons within its discretion for the examination of building plans, grading plans or any other plans submitted hereunder; and for such supervision of construction and inspection as may be required to insure compliance herewith.

Section 4. A record of all members of said committee shall be on file in the offices of Property Owners Association of Ono Island, Inc., and said membership information shall be available at all times to all interested parties. In the event of death or resignation of any member, the remaining members shall have full authority to conduct all authorized action of the committee. Property Owners Association of Ono Island, Inc., may, with or without cause, and at any time, and solely within its discretion, remove any member of this committee, and replace any member with a new member, or increase or decrease with membership of said committee.

SECTION VII

DURATION OF RESTRICTIONS

These covenants and restrictions are to run with the land and shall be binding upon the undersigned and all parties and persons claiming under it until January 1st, 2010, at which time said covenants and restrictions shall automatically be extended for successive periods of ten (10) years, unless it is agreed to change said covenants in whole or in part, by vote of a majority of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting.

Provided, however, the restrictions peculiarly affecting waterfront lots may not be changed or amended unless, in addition to all other requirements, such change has the affirmative vote of a majority of the then owners of waterfront lots in the block of the subdivision to be affected by such change.

ARTICLE VIII

SUCCESSORS AND ASSIGNS

Any and all provisions hereof referring to the Property Owners Association of Ono Island, Inc., or to the Architectural Control Committee of said Property Owners Association of Ono Island, Inc. shall be deemed to also refer to and be enforceable by and binding upon the successors and/or assigns of any legal or equitable interest of said Property Owners Association of Ono Island, Inc., and/or said Architectural Control Committee.

ARTICLE IX

REMEDIES FOR VIOLATIONS

In the event of a violation or breach of any of these covenants and/or restrictions (other than those covered under Article V hereof), or the violation or breach of any covenants and restrictions contained in any Declaration of Local Covenants and Restrictions by any person, concern, or Member, then the Property Owners Association of Ono Island, Inc., or any Lot, Living Unit, or tract Owner or Owners, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms hereof, and to prevent the violation or breach of any of such

covenants and/or restrictions, and to obtain a judgment for reasonable attorney's fees in connection therewith, together with the costs of the action, and the expenses of litigation, including the expenses of depositions, travel, and expert witnesses. In addition to the foregoing, Property Owners Association of Ono Island, Inc., its successors or assigns, shall have the right, wherever there shall have been built on any lot or tract any structure which is in violation of any Declaration of Covenants and Restrictions, either General or Local, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner, and such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, restriction, reservation or condition contained in this Declaration of Restrictions or in any Declaration of Local Covenants and Restrictions, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach, or as to a breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement.

ARTICLE X

AMENDMENTS AND VARIANCES OF LOCAL COVENANTS AND RESTRICTIONS

Any or all of the covenants and/or restrictions contained in any Declaration of Local Covenants and Restrictions may be annulled, amended or modified at any time by the recommendation of two-thirds (2/3rds) of the directors of Property Owners Association of Ono Island, Inc., which recommendation must be ratified

by a majority of the owners of Lots or Living Units in the block and unit of the subdivision in which such change is to be made. The owners must have had thirty (30) days written notice of the purpose of the meeting called to ratify such changes. The person or persons requesting such amendment shall bear all expenses of the called meeting. No amendment shall place an additional restriction on Lots or Living Units in said subdivision, nor change the use restrictions on any Lot or Living Unit, unless the owner of such Lot or Living unit or plot gives his consent to or ratification of the amendment in writing.

The Architectural Control Committee may, within its sole discretion, grant to the owner of any Lot, Living Unit or property, variances from the restrictions, covenants and conditions set forth in the Declarations of General Covenants and Restrictions and/or in any Declaration of Local Covenants and Restrictions that may be applicable to such Lot, Living Unit, or property, when in the opinion of said Architectural Control Committee, the literal enforcement of such restrictions, covenants and conditions would work an undue hardship upon such owner, and when in its discretion such variance will not unduly or unreasonably affect or inconvenience the owners of adjacent property.

ARTICLE XI

SEVERABILITY

Invalidation, variance from, or removal of any of the covenants by judgment, decree, or Court Order, or amendment by Property Owners Association of Ono Island, Inc., or the

Architectural Control Committee, or their successors or assigns, shall in no wise affect any of the other provisions hereof which shall remain in full force and effect.

IN WITNESS WHEREOF, THE PROPERTY OWNERS ASSOCIATION OF ONO ISLAND, INC. has caused these presents to be executed by its officers, all heretofore duly authorized, on this the 30 day of November 2000. This amendment to the Declaration of General Covenants and Restrictions applicable to the Ono Island Subdivision shall be effective on January 1, 2000.

PROPERTY OWNERS ASSOCIATION
OF ONO ISLAND, INC.

By: Richard Carson (SEAL)
RICHARD CARSON-PRESIDENT

ATTEST:

By: Edwards Brockway
EDWARDS BROCKWAY-
SECRETARY

STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, the undersigned Notary Public, in and for said County and State, hereby certify that Richard Carson and Edwards Brockway, whose names are subscribed

as President and Secretary, respectively, of the PROPERTY OWNERS ASSOCIATION OF ONO ISLAND, INC., an Alabama corporation, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this date, that, being informed of the contents of the said instrument, they, as officers with full authority, executed the same voluntarily on the day the same bears date, for and as the act of said corporation.

GIVEN UNDER my hand and seal on this the 30 day of November, 2000.

Victoria Q. Hayes
NOTARY PUBLIC, Baldwin COUNTY,
ALABAMA

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: July 23, 2002
BONDED THRU NOTARY PUBLIC UNDERWRITERS

THIS INSTRUMENT WAS PREPARED
BY:

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